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U.S. Bans Imports Of Oil From Libya; 'Terror' Role Cited

The Associated Press
WASHINGTON — The United States banned oil imports from Libya on Wednesday and accused Col. Moammar Qadhafi's regime of an "outrageous plan" to assassinate U.S. officials and their families in Sudan.

A senior U.S. official said the plot was broken up in November before two stereo speakers packed with plastic explosives could be flown from an unidentified neighboring country to Khartoum, Sudan, where they were to be placed in an American social club.

The official, who spoke on the condition his name not be used, said the devices were prepared by Libyan intelligence officers and could have killed or maimed hundreds of U.S. Embassy workers and their families at a weekend dance.

The "particularly horrible mission" was cited as one reason for ending oil imports from Libya and blocking sale of sophisticated equipment used in the production of oil and gas. The United States imports about 150,000 barrels of oil a day from Libya. This represents a small percentage of U.S. oil imports.

Reports of Subversion
The senior official who briefed reporters Wednesday said Col. Qadhafi's moves against a number of countries justified the U.S. boycott.

He accused Libya of "trying to destabilize Caribbean countries," fueling conflict in North Yemen and working to subvert the governments of Oman and Somalia. The official did not name the countries in the Caribbean.

In a formal announcement of the boycott, Dean Fischer, the State Department spokesman, said the measures were being taken in response "to a continuing pattern of Libyan activity which violates accepted norms of international behavior."

He continued: "Libya's large financial resources, vast supplies of Soviet weapons and active efforts to promote instability and terrorism make it a serious threat to a

large number of nations and individuals, particularly in the Middle East and Africa."

The senior official said current oil contracts with Libya would not be interrupted.

The boycott steps up the Reagan administration's campaign against Col. Qadhafi, a volatile Islamic revolutionary. However, some U.S. allies have privately questioned the wisdom of singling out Col. Qadhafi as a special menace.

The boycott decision was reportedly made Feb. 26 by the National Security Council after months of consideration. It was reported by several news organizations even though administration spokesmen denied publicly that a decision had been reached.

During the two-week delay, the administration asked for support among U.S. allies, but reportedly was rebuffed.

Last year, the administration closed Libya's embassy in Washington and ordered American workers, most of them in the oil business, to leave Libya. Last August, two U.S. planes shot down two Libyan fighters over the Gulf of Sidra during a U.S. Navy exercise. Col. Qadhafi accused the United States of intruding on Libyan territorial waters. The administration denied it.

In addition to the oil embargo, the new U.S. restrictions include a requirement that special licenses be obtained for all U.S. exports to Libya: a prohibition on the sale of dual-use, high-technology items; and a general policy of blocking sales of oil-production equipment not readily available outside the United States.

Mr. Fischer acknowledged that the sanctions may have only limited economic impact on Libya. But he said, the measures "will focus attention on the fact that Libya is able to threaten its neighbors and international order because of the revenues it derives from its oil trade."

"We will no longer be providing the dollar or the technology to Libya which can be used for activities that threaten international stability," he said.

Eurocommunists' Path Doomed, Pravda Says

Reuters
MOSCOW — Pravda carried a fierce attack on the Italian and Spanish Communist parties Wednesday, asserting that there is no alternative to Soviet-style Socialism.

The latest broadside against the so-called Eurocommunists was based on a speech by the U.S. Communist Party secretary, Gus Hall, who is quoted frequently by Moscow to put forward tough views it would rather not state directly.

Rebutting the Italian and Spanish parties' denunciations of Soviet-style Communism following the Dec. 13 military crackdown in Poland, Mr. Hall said they had both adopted rhetoric against the Soviet bloc similar to that used by U.S. government leaders.

Mr. Hall also condemned the Japanese Communist Party, which has strongly criticized the crackdown in Poland. He said that, like the Italians and Spanish, the Japanese had made "unforgivable, irresponsible and slanderous statements" against the Soviet system.

The Soviet media carried a series of attacks on the Italian party following its outspoken criticism, but Wednesday's commentary was the first against the Spanish party.

Mr. Hall said the two parties had deliberately picked out and exaggerated mistakes and weaknesses in Polish Communism. The parties then "misinterpreted

and misused" the problems "to discredit, downgrade and demean the whole Socialist system while praising bourgeois trappings which appear democratic," he asserted.

The Italian and Spanish party leaders thus came to the conclusion that the Soviet bloc states were the biggest obstacle to developing Socialism, Mr. Hall said.

But the head of the small U.S. party told Europeans that their hopes of developing a Socialist system based on the Western political system are doomed. "There is no way that capitalism can be humanized," he said. "In the real world there is no 'third way' for the class forces."

French Party Ties With China
PARIS (UPI) — A French Communist Party delegation returned Wednesday from talks in Peking, the first such visit in 23 years, and expressed satisfaction over the gradual warming of relations with the Chinese Communist Party.

A French party spokesman told reporters that the two sides agreed to continue increasing their cooperation despite policy differences. The two parties have disagreed over the French party's alignment with Soviet foreign policies.

The spokesman said the French party's leader, Georges Marchais, will visit Peking at a date to be set later.

INSIDE

French Elections

Cantonal elections for the councils of France's 95 departments will take place Sunday and it seems likely that political fury that has boiled up over a Marseilles suicide and a Paris police protest owes more to the pre-electoral climate than it does to the incidents themselves. Page 2.

Mondale's Plan

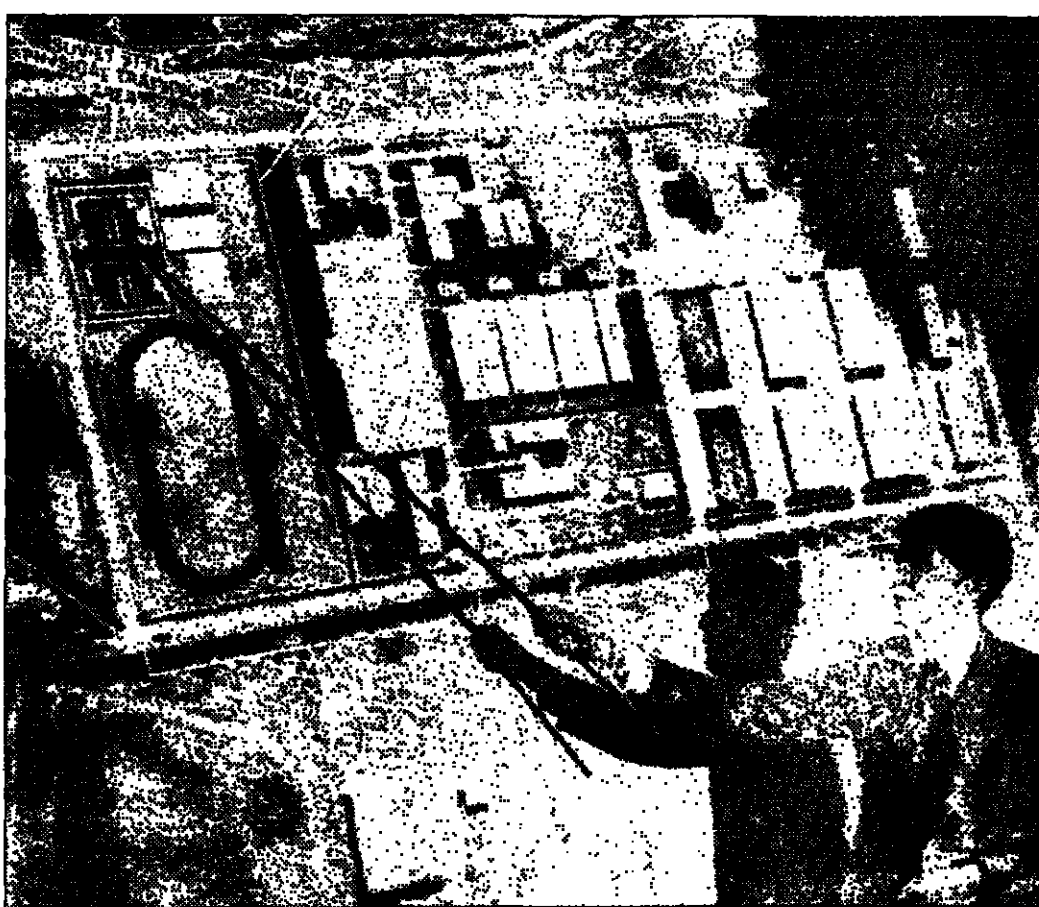
Former Vice President Walter F. Mondale, previewing his midterm campaign speech, has indicted the Reagan administration "not only for an economic program that has failed but for a profound lack of fairness and compassion." Mondale advocated a number of specific policies that are likely to fuel debate, not just in 1982, but in his expected bid for the 1984 Democratic presidential nomination. Page 3.



Sandra D. O'Connor

Civil Rights Law

Supreme Court Associate Justice Sandra D. O'Connor, breaking an unwritten rule against discussing issues pending before the court, is urging a congressional subcommittee to consider changes in federal civil rights law. Page 3.



John Hughes, deputy director of the Defense Intelligence Agency, describes a photograph of what he said is a Nicaraguan garrison built on a Cuban pattern: a rectangle divided into three parts. He is pointing to the segment he said is a Soviet-style obstacle and physical training area.

Photos Show Buildup of Military In Nicaragua, Reagan Aides Assert

By John M. Goshko

Washington Post Service

WASHINGTON — The Reagan administration, seeking to swing public opinion behind its Central America policies, has displayed enlargements of aerial photographs that it says support its charges that Nicaragua is engaged in a military buildup that poses a threat to its neighbors.

The photographs, projected onto a large screen in a State Department auditorium, were the highlights of a lengthy press briefing given Tuesday by Adm. Bobby R. Inman, deputy director of the Central Intelligence Agency, and John Hughes, deputy director of the Defense Intelligence Agency.

Mr. Hughes said the photographs showed Nicaraguan military installations built on a Cuban model, airfields with runways lengthened to handle Soviet MiG jet fighters that the United States contends are earmarked for Nicaragua, and Soviet tanks and artillery in place at some of the installations.

The two officials also showed a series of before-and-after photographs that they said showed Indian villages near Nicaragua's border with Honduras that were burned by Nicaraguan authorities. The administration has accused Nicaragua of repressing and forcibly relocating the Miskito Indians and other tribes that lived in the area.

intimidation or warfare can be waged against the rest of Central America.

"This time, the ocean barriers aren't there," Adm. Inman said. "They can move much more easily into Central American countries."

What set the briefing apart from

Officially said an international banking syndicate with U.S. participants is negotiating a \$130-million loan to Nicaragua. Page 9.

previous administration attempts to make its case about Central America was the almost theatrical way in which the material was presented.

Administration officials also made clear that it was only the first move in a major effort to influence public opinion and counter the opposition that is growing in Congress and elsewhere to President Reagan's support for the government in El Salvador and his hostility to Nicaragua.

The session was limited to presenting evidence about the alleged Nicaraguan arms buildup and did not deal with charges made by Secretary of State Alexander M. Haig Jr. that the leftist guerrillas in El Salvador are controlled and supplied by outside powers such as Cuba and Nicaragua. Mr. Haig's accusation caused several members of Congress to ask for proof.

Adm. Inman said evidence about the so-called "Salvador-Nicaragua connection" was being presented to Congress in closed briefings that would continue through Thursday. He also said a similar briefing would be given Wednesday at the State Department for a bipartisan group of high former government officials.

(Continued on Page 2, Col. 6)

No Early End Is Seen To Polish Martial Law

The Associated Press

WARSAW — Western diplomatic sources said Wednesday that they anticipate no end soon to martial law, which was imposed in Poland nearly three months ago, and one said that military rule could last "a political generation."

"The trappings of martial law — the curfew, the restrictions on travel — could well be lifted," a source in Warsaw said. "But the fundamental reality — rule by military authority — could remain unchanged for a political generation."

The veteran diplomat, speaking privately, also said that "the Poles have found their leader" in Gen. Wojciech Jaruzelski, adding that his authority seems unassailable, particularly in light of the parade of support proffered for him at last month's meeting of the Communist Party's Central Committee.

Martial law, the diplomatic source said, "will last for months." The subject of its duration has prompted considerable discussion among Western observers in the Polish capital, especially as the three-month anniversary of the Dec. 13 crackdown approaches.

Some restrictions — such as those on domestic travel between most cities and on telephoning inside the country — were eased last month. A curfew from 11 p.m. to 5 a.m. remains in effect, however, and Poles are allowed to travel abroad only in authorized groups bound for Soviet-bloc states.

Moreover, 3,953 Poles — many of them activists in the suspended labor movement Solidarity — are interned at 25 martial law detention centers, the Justice Ministry said this week. It also said 245 persons have drawn prison terms for strike activity since Dec. 13.

Perhaps the clearest indication about the length of martial law was attributed in February to Deputy Premier Mieczyslaw F. Rakowski. The West German magazine Der Spiegel quoted Mr. Rakowski as having said in late December that martial law "will certainly last a long time, not just a month or two."

Gen. Jaruzelski, Communist Party leader and head of the ruling Military Council of National Salvation, said at the Central Committee meeting.

(Continued on Page 2, Col. 2)

U.S. Is Said to Approve Anti-Nicaragua Actions

By Patrick E. Tyler and Bob Woodward

Washington Post Service

WASHINGTON — President Reagan has authorized covert operations against Nicaragua, which administration officials have charged is serving as the military command center and supply line to guerrillas in El Salvador, according to informed administration officials.

While the president has ruled out the use of U.S. military forces in direct anti-Nicaragua operations, the officials said, he has authorized a covert plan that directs the CIA to begin building and funding a paramilitary force of up to 500 Latin Americans who are to operate out of commando camps spread along the Nicaraguan-Honduran border.

The officials emphasized that months will be needed for the paramilitary force to be recruited, trained and positioned. They did not say precisely when the cross-border operations were scheduled to begin.

As part of this plan, the commando force would attempt to destroy vital Nicaraguan targets, such as power plants and bridges, in an effort to disrupt the economy and divert the attention and the resources of the government. CIA strategists believe that these covert operations inside Nicaragua will slow the flow of arms to El Salvador and disrupt what they claim is a Soviet and Cuban-controlled government in Nicaragua.

[When asked about the reported covert plan, Dale Peterson, a CIA spokesman, said, "It's not our policy to comment on such allegations." United Press International reported, A White House spokesman said: "I would suspect we would have no comment."

[Steven W. Bosworth, deputy assistant secretary of state for international affairs, said in a television interview: "Our response is that we simply do not address alle-

gations such as those reported in The Washington Post.... Our refusal to address those should not be taken as tacit confirmation that they are in fact true."

The covert-action proposal was developed by the CIA and first presented in detail to President Reagan by William J. Casey, the director of central intelligence, at the Nov. 16 meeting of the National Security Council. It was supported.

(Continued on Page 2, Col. 4)

Argentina Is Expected To Aid Caribbean Effort

By Jackson Diehl

Washington Post Service

BUENOS AIRES — Thomas O. Enders, the U.S. assistant secretary of state, said here after a series of meetings with Argentine government officials that he expected Argentina to be "active in whatever action is taken in Central America" by other Latin American powers.

Speaking at a news conference Tuesday, Mr. Enders, the State Department chief of Latin American affairs, avoided comment on reports that Argentina has sent advisers or paramilitary squads to Central America to work against guerrilla forces in El Salvador and Guatemala, and the Sandinista government in Nicaragua.

Mr. Enders said, however, that "the notion of collective action is there" for Argentina and other countries in the region and that "it is a possibility we should all be aware of."

Mr. Enders' visit was made as Argentina's involvement and intentions in Central America have, after months of quiet rumors, become a subject of internal debate and of increasing comment by high government officials.

Much attention was focused here last month on the weeklong visit to Argentina of the Salvadoran Army chief of staff, Col. Rafael Flores Lima, who elicited the first public commitment by Argentine Army officials to provide military aid to El Salvador.

Col. Flores Lima's visit and persistent reports here of Argentine involvement in Nicaragua and El Salvador and of the possible dispatch of Argentine forces to Central America have begun to prompt criticism from human rights groups and political leaders as well as defensive government pronouncements.

Two Argentine political groups, including Christian Democrats and a wing of the Peronist Party, have protested ties between Argentina and El Salvador. Six human rights groups also declared Col. Flores Lima persona non grata.

The criticism has elicited denials from Gen. Galtieri and other high officials that Argentina intends to become involved militarily in El Salvador. There has been little official comment, however, on possible Argentine operations in other Central American countries.

Government officials have sought to portray Argentina's Central America policy as a moderate approach that supports the Salvadoran government but leaves open the possibility of relations with Nicaragua and does not recognize the region's violence in the strict East-West terms used by U.S. officials.

Talks With President
U.S. and Argentine officials said that Central America was the focus of Mr. Enders' two days of talks with Argentina's president and military leader, Lt. Gen. Leopoldo Fortunato Galtieri, and other high government officials.

Later Tuesday, Mr. Enders went to Chile for two days of talks expected to center on human rights matters, which have prompted a debate within the administration on whether it can certify to Congress that Chile's military government has made progress on that issue. The certification is necessary for Argentina and Chile before the administration can grant each country \$50,000 in military aid included in next year's budget.



Interned Solidarity members playing cards in a photograph reportedly made recently at Bialoleka detention center on the outskirts of Warsaw. The picture was obtained from ABC-TV's news film.

In China, a 'Civic Virtues Month' Tries to Tame Rudeness

By Christopher S. Wren

New York Times Service

PEKING — Early on the morning of Sunday, Feb. 28, a minibus arrived at the eastern gate of Beihai Park and disgorged the Communist Party chairman, Hu Yaobang, three deputy prime ministers and some other prominent officials. As cameras clicked, they picked up brooms and vigorously swept the walks.

Mr. Hu went over to teach some young Chinese how to sort litter, then helped Gen. Yang Dezhi, chief of staff of the Chinese Army, pile trash into a pushcart.

The officials were setting an example, for replay on prime-time television, to kick off "Civic Virtues Month," in which cleanliness, public order and politeness have officially been declared in vogue.

Since the beginning of March, Chinese have been told not to spit on the ground, litter, honk car horns, cycle while drunk, shove, snarl or otherwise be nasty in public places.

They have been enjoined instead to tidy up neighborhood eyesores, help old people and small children, be courteous in shops and, not least, to once more "learn from Lei Feng."

Lei Feng, while serving in the army 20 years ago, was killed by a falling telephone pole that another soldier had hit with a truck. Mr. Lei was posthumously discovered by Maoist ideologists to have performed all sorts of selfless deeds, which were documented by a diary and photographs.

Civic Virtues Month, also known as Socialist Ethics Month, happens to coincide with a new crackdown on traffic violations, which the Peking newspaper Guangming Daily once said gave China the worst road accident record in the world. It has now become illegal for motorists to eat, drink, smoke or talk while driving.

While the campaign has yet to discourage the surliness of some shop clerks, there have been other visible changes in Peking, one of 19 Chinese cities designated to lead the civic virtues effort. Directional arrows have been freshly painted at intersections. Red and white banners festoon buildings. "Let the spirit of Lei Feng shine in the capital," said a slogan. Another, in a downtown shop, urged, "Practice hygiene, observe discipline, strive to be a civilized person."

Volunteer Street Cleaners
Xiao Wang, a teen-age clerk in a fruit store on Wangfujing Street, said: "We are having this one-month campaign to teach people how to be polite, and to continue doing so as we reconstruct our country. It doesn't mean that we should be rude again in April."

In the weekend leading up to Civic Virtues Month, the official Chinese press agency reported that 1 million Peking residents had turned out to join Mr. Hu in scrubbing, sweeping and washing the capital. It later revised the number in the cleanup to more than 2 million. They included the drivers from a Peking trolley-bus station, who volunteered to spend their

day off at congested bus stops explaining the new traffic rules to waiting passengers.

Few here would dispute that the campaign was needed, in view of the damage inflicted in the Cultural Revolution, when traditional elegant courtesies were ridiculed as "bourgeois."

"Young people were encouraged to be rude to older people," an elderly Peking intellectual said. "The rudeness they acted, the more revolutionary they were considered."

Now 14 major stores in Peking have set up desks and invited customers to complain about the rude service that has characterized some state-run retail enterprises.

Rudeness became a public issue after the Chinese women's volleyball team won a world championship last autumn. A victory celebration in Peking's Tian An Men Square got out of hand, and some youths who began scuffling and shouting anti-foreign slogans were arrested.

Hooking Rules Issued
Such chaos is no longer tolerated on Peking's streets. But 3.2 million bicycles, China's basic mode of transport, must vie for space with 190,000 trucks, buses, taxis and cars, which emit a succession of beeps as if negotiating the traffic crush by sonar. The risk of accidents increases at night because cars use only parking lights and bicycles have no lights at all.

The new regulations specify that vehicles must stay in lane and can emit only three toots at a time, with

no longer than half a second per honk. The practice of rigging bicycles with makeshift motors has been halted. Pedestrians have been given the right-of-way in crosswalks.

The Public Security Bureau, as China's police are called, dispatched sound trucks through the city to announce the new rules. The first day on Qianmenwai Street in central Peking, the number of illegally parked bicycles reportedly dropped from more than 300 per hour to only eight or nine. A policeman in Tian An Men Square counted only 18 horns honked in a 30-minute period.

The question is whether everything will retrogress after the month-long civility campaign, which Premier Zhao Ziyang said would become an annual event. A European diplomat recalled a Chinese television production of a series of skits last year teaching politeness in stores. By the time the current drive began, many young clerks were ignoring or arguing with customers and flinging products insolently across the counter.

The Public Security Bureau, which has deployed 6,500 policemen around the capital, reported 43,334 violations of the new traffic rules on March 1, the first day of the crackdown, with 675 offenders fined. On March 2, the number of violations rose to 90,811, with 1,332 people fined.

A police spokesman attributed the rise to the assumption that enforcement would slacken after the campaign began. Only 1,914 violations were reported March 3.

Socialists in France Finding Civil Service Hard to Tame

By Richard Eder
New York Times Service

PARIS — Last week a high-ranking socialist security official in Marseilles committed suicide. On Tuesday, 400 police commanders held an angry and unprecedented protest meeting at the prefecture of police here on the Quai des Orfèvres.

The incidents were not connected. But both are benchmarks of the difficulties the Socialist government is encountering as it tries to spread its authority among a group that is far harder to tame than the voters: the permanent civil service.

In the French political tradition, passion, like herpes, lies dormant until some special strain comes along to make it flare up. Elections for the councils of France's 95 departments will take place Sunday, and it seems likely that the political fury that has boiled up over the Marseilles suicide and the Paris police protest owes more to politics than it does to the incidents themselves.

Ruthless Campaign

Both incidents point to the same thing, according to the opposition, which hopes to make the elections — otherwise insignificant, since the departmental councils hold little power — a test of the government's support. The Socialists, the opposition claims, are moving ruthlessly to remove or penalize officials with the wrong political connections.

The government denies this and says the opposition politicians and newspapers are blowing up too difficult but essentially nonpolitical events to frighten the voters.

The police protest erupted after Gaston Defferre, the interior minister, blocked the promotion of a senior officer, Marcel Leclerc, to the post of deputy to François Le Mouél, director of the Paris-based Police Judiciaire, or national detective branch.

Mr. Defferre offered Mr. Leclerc, whose career has been marked both by brilliance and by several allegedly botched cases, a

different promotion: director of the Police Judiciaire in Marseilles. After the controversy blew up, the minister, who is also mayor of Marseilles, insisted that this was an honor for Mr. Leclerc. "He would have lots of business," Mr. Defferre said, referring to Marseilles' notorious underworld. "He would get a chance to shine."

Elephants' Graveyard

Mr. Leclerc did not see it that way. Paris is so much the capstone of any of France's many bureaucracies that to be promoted out of it is to be demoted. This is particularly true for the police, and the Paris prefecture, known after the heavyweight quality and cautious inactivity of its staff — as the elephants' graveyard, is virtually a separate service within the national police force.

Mr. Leclerc refused the transfer and was shunted off to a post in the police inspectorate general. His superior, Mr. Le Mouél, a popular and widely respected officer, resigned in protest.

Tuesday's peaceful but emotional demonstration at the Quai des Orfèvres followed. The assembled commanders charged that the reason that Mr. Leclerc's original promotion was blocked — Mr. Defferre has given no explanation — was pressure from the principal police union. The union, whose leadership is sympathetic to the Socialists, had been demanding for some time that a number of conservative senior officers be replaced or shifted.

The government thus is under fire for allegedly allowing political and union considerations to influence its administration of the police. A similar criticism has been made by the opposition in the case of the suicide of René Lucet, which occurred after he was fired as head of the health-benefits section of the Marseilles social security office.

Mr. Lucet was described by many — including at least one government minister — as a brilliant but unorthodox administrator who reduced the time involved in processing health cases from several weeks to a few days. He was also an active supporter of the Rassemblement Pour la République, one

of the two principal opposition parties. He was said to have distributed to his staff political messages attacking the Communist Party.

Accordingly, he was a particular target of the local branch of the Confédération Générale du Travail, the Communist-dominated labor federation. After vigorous complaints from the group, Nicole Questiaux, the Cabinet minister in charge of social security, sent an inspection team to the Marseilles office.

The team criticized Mr. Lucet's administrative practices, his large expense accounts and his hiring of four chauffeur bodyguards. Mrs. Questiaux fired him.

The speed with which he moved was widely criticized, even by the pro-government press. When, the day after his dismissal, Mr. Lucet sent his wife out of the bedroom for a glass of water and put two bullets in his head, the criticism became a fire storm.

The opposition claimed that he was the victim of a brutal, Communist-inspired purge, one newspaper going so far as to call him the first casualty of Socialist terrorism. The government supporters responded that even if Mr. Lucet's dismissal had been improper, he had good prospects of contesting it, and that it was a total abuse of the political process to blame the Socialists for his death.

Both the Leclerc and the Lucet cases have served to lend a particularly poisonous note to the last days preceding the elections. The atmosphere is expected to cool after the results are in, assuming that, as expected, support for the government will not greatly decline.

Beyond this, however, is the question of how the government will move to obtain the kind of cooperation from the bureaucracy that it will need to put its program through. Political switches are unfamiliar after a quarter of a century of conservative power. There is no firm political consensus as to what the line is between an independent and an obstructive civil service. Nor is there a consensus on how much political pressure a new government can use to whittle the obstruction down.

Giscard Campaigning Vigorously For Post Once Considered Lowly

By Jonathan C. Randal

PARIS — Less than a year after losing a bid for his second term as president to François Mitterrand, Valéry Giscard d'Estaing is running hard for what used to be one of the lowliest elective offices in French politics.

The fact that Mr. Giscard d'Estaing, 56, is officially on the comeback trail is considered more important than the race itself for cantonal elections this month.

Mr. Giscard d'Estaing is campaigning eight hours a day for fewer than 12,000 potential votes and is sticking to local themes. On one recent outing he talked to residents of a retirement home, supermarket shoppers and athletes at a sports center.

Even his veteran Socialist opponent concedes that Mr. Giscard d'Estaing is a sure winner on his home turf of Chamalières, a well-to-do suburb of industrial Clermont-Ferrand in south-central France.

Mr. Giscard d'Estaing's decision to make a comeback has not been without its detractors, who dismiss his starting out at the bottom as false modesty. His stiff, partisan manner, which enraged many French citizens last year and heavily contributed to the Socialist victory, are still in evidence.

Distaste for Chirac

Once beyond the confines of Chamalières, where he is considered something of the lord of the local manor and in fact owns a castle, Mr. Giscard d'Estaing has run into what De Gaulle called his "problem: the people."

Some remarks Mr. Giscard d'Estaing made on national and world problems in interviews published in West Germany's Stern magazine, France's Paris-Match and The Sunday Times of London were not well-received.

There is also the problem of the apparent lack of warmth in Mr. Giscard d'Estaing's relations with the quarrelsome remnants of his party, especially with his former prime minister, Raymond Barre. Mr. Barre has done his best to give



Valéry Giscard d'Estaing

Mr. Giscard d'Estaing a wide berth for his comeback attempt.

Officially, Mr. Giscard d'Estaing has done his best to play down his lingering distaste for the neo-Gaullist mayor of Paris, Jacques Chirac, whom he accused of "premeditated treason" for allegedly encouraging the Gaullist faithful to withhold their key support last May, contributing to his election defeat.

Political analysts believe that one of Mr. Giscard d'Estaing's main motives in running in Chamalières is to prevent Mr. Chirac and his party from nailing down the undisputed leadership of the conservative opposition.

Nonetheless, Mr. Chirac and Mr. Giscard d'Estaing have agreed

Polish Martial Law Expected To Continue for Long Time

(Continued from Page 1)

mittee meeting last month that "martial law will pass and Poland will remain and so will her problems." In an address to the Sejm, or parliament, in late January the general said that restrictions could be lifted within a month barring

to field only one conservative candidate in voting of the nearly 2,000 cantonal districts being contested in two rounds on the next two Sundays.

In part, such prudence is dictated by fears that the Socialists are still riding a wave of public support even if Mr. Mitterrand's political honeymoon is wearing a bit thin.

In part, it also reflects Socialist moves to transfer some power from Paris to the general councilors elected in the cantonal vote.

The Socialists and the Communists — nominal comrades in the Socialist-dominated national government but fierce rivals in the local elections — are also campaigning hard.

Traditionally, the party in power has dismissed the local elections as essentially apolitical, but the Socialist government seems to be taking the vote seriously. A recent cut in the price of gasoline was the first in 17 years. During the past few weeks there also have been promises to middle-class executives that they will not be taxed more heavily, the poorest of the French have been told that the yield on government-operated savings accounts will be linked to inflation, and women have been promised partial reimbursement for abortions.

The opposition has been reduced to flogging a perennial grievance, the quality and objectivity of state-run television. At times it seems that the conservatives are repeating the arguments that the Socialists and Communists used during their 23 years in the political wilderness.

Unforeseen circumstances ... or illegal acts.

No sustained, open opposition to martial law has been reported in Warsaw, and the veteran Western diplomat said he doubted the spring uprising predicted in some quarters would materialize.

Pope Condemns Force

VATICAN CITY (UPI) — Pope John Paul II said Wednesday that the problems of his homeland cannot be solved by "physical force."

In one of his most explicit references to martial law in Poland, the pope also said many of his countrymen suffer because of what he called the "state of war and the situation that has been created with it."

Propaganda Balloons Protested

COPENHAGEN (Reuters) — Poland has protested to Denmark about 10,000 balloons carrying propaganda leaflets launched last week from the Danish Baltic island of Bornholm to Poland, a Danish Foreign Ministry official said Wednesday.

A French group called the Free Balloons for Poland Committee launched the helium-filled balloons, carrying 40,000 leaflets supporting Solidarity, despite a ban on the operation by the Danish Foreign Ministry and aviation authorities.



LONDON TRANSIT STRIKE — London Transport buses stood idle Wednesday at the Leyton Green depot as 35,000 employees struck for a day against layoffs and a fare increase. Subways were also halted in the system's first total stoppage since a strike in 1976.

Managua Official Says Expansion Of Military Is 'Strictly Defensive'

By Warren Hoge

New York Times Service

MANAGUA — A member of the Nicaraguan junta said in an interview that the military buildup here was "exclusively defensive" and that the United States was making charges to the contrary to justify a possible intervention.

The Sandinista official, Sergio Ramirez Mercado, conceded Tuesday that the country had expanded its armed forces and that garrisons are more scattered than when Nicaragua was ruled by Anastasio Somoza, but he disputed charges by Washington that 2,000 Cuban soldiers were at the side of the Nicaraguan troops. "There is not a single foreign soldier in Nicaragua," he said.

"When Mr. Haig is saying every day that they are going to bomb us and attack us and blockade us, how can they then turn around and ask us not to defend ourselves?" he asked.

He denied U.S. charges that Nicaragua was a threat to other nations in the region and said his country was seeking a "nonaggression pact" with all the countries of Central America.

"We have stated this position openly many times," he said, "but nobody in the Reagan administration wants to hear us." Mr. Ramirez was responding to an interviewer's questions that were based on comments made at a State Department news conference.

U.S. Is Said to Approve Anti-Nicaragua Action

(Continued from Page 1)

ported by Secretary of State Alexander M. Haig Jr. and Defense Secretary Caspar W. Weinberger, according to knowledgeable officials.

Concern Over Casualties

Administration officials familiar with the CIA covert program emphasized that the decision to focus on economic targets was based on a desire to disrupt the Nicaraguan arms supply line to El Salvador in a manner that is relatively inexpensive and least threatening to the civilian population.

"If you blow up a dam, you cause a lot of trouble but you're not killing people," one high-level official said.

Nicaragua is ruled by the Sandinista National Liberation Front, whose guerrilla forces overthrew Anastasio Somoza in July, 1979.

Honduras has a close military relationship with the United States, and Honduran officials fear the political upheaval in El Salvador and Nicaragua will spill into their country. As a separate part of the U.S. strategy in the region, the U.S. military is engaged in two operations in Honduras to support anti-Nicaraguan efforts indirectly, informed administration officials said.

According to highly classified National Security Council records, the initial CIA proposal in November called for "support and conduct of political and paramilitary operations against the Cuban presence and Cuban-Sandinista support structure in Nicaragua and elsewhere in Central America." The CIA, in seeking presidential authorization for the \$19-million paramilitary force, emphasized that "the program should not be confined to that funding level or to the 500-man force described," the records show.

Covert operations under the CIA proposal, according to the security council records, are intended to:

• "Build popular support in Central America and Nicaragua for an opposition front that would be nationalistic, anti-Cuban and anti-Somoza."

• "Support the opposition front through formation and training of action teams to collect intelligence and engage in paramilitary and political operations in Nicaragua and elsewhere."

• "Work primarily through non-Americans to achieve these covert objectives, but in some cases perhaps 'take unilateral paramilitary action — possibly using U.S. personnel — against special Cuban targets.'"

After the initial presentation, the CIA proposal was turned over to the National Security Planning Group, a subcommittee of the National Security Council, as a draft

in Washington that purported to demonstrate that Nicaragua was building up its military forces.

Mr. Ramirez called the charges "pure lies," saying, "What worries us is that they could be a pretext for some kind of thing they have in mind."

[A Nicaraguan Foreign Ministry statement issued after the Washington briefing said, "These irresponsible acts serve to deepen still more the serious crisis and tension moving through the Central American area." The Associated Press reported from Managua.

Foreign Minister Miguel d'Escobar Brodagón left unresponsive for Washington after the U.S. briefing, possibly to seek a meeting with American officials or to hold a news conference to counter the U.S. allegations, the AP quoted government sources as saying.]

In the interview, Mr. Ramirez said: "We have more military garrisons of course. But it is precisely because the spread of Somoza's national guard was not based on national defense but on internal repression. He didn't want to have any of his military units out of his reach in Managua because he feared that independent garrisons would revolt. He centered the military here in the bunker with his armored cars, tanks and elite forces all in one place in Managua."

"Our military organization," he continued, "has to do with the need to defend ourselves. We don't fear any upheaval among the

troops. We have spread out our garrisons the way any regular military force in the world does."

Mr. Ramirez said the Sandinistas never discuss the exact size of their forces but that the Reagan administration's estimate of 70,000 was "too much."

He said the government was building no new airstrips but that they were expanding two existing ones in the Caribbean coastal cities of Puerto Cabezas and Bluefields. "We are doing both based on money borrowed from the Central American Development Bank in Honduras," he said. "These loans were negotiated during the Somoza regime."

'Absolutely Absurd'

He said he considered the Reagan administration's claim that there were 2,000 Cuban soldiers in Nicaragua "absolutely absurd."

"How could we hide 2,000 Cuban soldiers in a country this size without anybody seeing them?" he asked.

He said there were 2,000 teachers and 400 doctors from Cuba still in Nicaragua. Until recently, he said, Cuban technicians and engineers were helping build a road but now "the work is finished."

Mr. Ramirez and other members of the Sandinista-ruled government say their fears of an American-sponsored intervention in or "destabilization" of Nicaragua are compounded by indications that guerrillas in El Salvador are mounting a serious effort to disrupt the elections scheduled there March 28.

"We feel if the guerrillas are successful, it will be quite a difficult situation for us," he said.

"The United States has made of the Salvadoran elections a crucial thing," he said. "They are putting all their eggs in one basket. The failure of the elections would be a political failure for the United States, and we're afraid they'll pass us the bill for it."

He said he felt a direct U.S. intervention was "improbable," but the Sandinistas are afraid the United States would help organize a force of Cuban exiles and the 5,000 to 6,000 former national guardsmen he estimated had fled Nicaragua after the revolution.

He disputed U.S. charges that Nicaragua is shipping arms to the Salvadoran rebels.

Nicaragua has no border with El Salvador, but it faces El Salvador across the Gulf of Fonseca. U.S. destroyers have been patrolling there. "I think the warships that the United States has stationed in the Gulf of Fonseca have all the information to say whether or not we are shipping arms through it," he said. "Why don't they say what they found?"

U.S. Displays Photos It Says Show Buildup in Nicaragua

(Continued from Page 1)

and he added that another press briefing was likely Friday.

The tone of the administration's approach was set by Adm. Immanuel, who opened the briefing Tuesday by saying he was "concerned" and "anxious" because the public has not been getting "a clear idea of what is concerning us in the intelligence community."

He said government officials have been inhibited in responding to congressional questions by the need to protect intelligence sources. For that reason, he continued, CIA Director William J. Casey had declassified the aerial photographs.

Mr. Hughes said there are 49 active military garrisons in Nicaragua, 36 of them built since the Sandinistas gained power in 1979. He then showed aerial photos of several garrisons that he said were built on the Cuban pattern of a rectangular divided into three parts: a motor pool, a barracks area and a training area containing what he contended were "Soviet-model" obstacle and physical training courses.

To emphasize that point, Mr. Hughes also displayed an aerial view of a military garrison in Cuba constructed in the same way. As the photos of the purported Nicaraguan installations were flashed on the screen, Mr. Hughes pointed out what he said were Soviet T-55 tanks and artillery pieces, East German trucks and shelters for jet fighters.

He said the Nicaraguans have an estimated 25 T-55 tanks

WORLD NEWS BRIEFS

Paris Issues Appeal in Bangui Dispute

PARIS — President François Mitterrand asked African leaders Wednesday to intervene in a confrontation between France and the Central African Republic over a former Central African premier who has taken refuge in the French Embassy.

Central African security forces reportedly have surrounded the French Embassy, where the former government official, Ange Patasse, took refuge after he was accused of plotting a coup last week. On Wednesday evening, French troops in Bangui were on alert.

France has been given until noon Thursday by the Central African military regime to hand over Mr. Patasse, an opposition leader who served as premier under the deposed former head of state, Jean-Bédel Bokassa. Central African police entered the French military attaché's home in Bangui in a search for evidence of alleged involvement by French interests in Mr. Patasse's reported coup attempt.

Mitterrand, Reagan to Discuss Rates

PARIS — President François Mitterrand of France, in a Washington meeting with President Reagan Friday, will discuss interest rates and unemployment, presidential adviser Pierre Berégovoy said Wednesday.

Mr. Berégovoy said the two leaders also would discuss preparations for the June gathering of leaders of major industrial nations in Versailles, East-West force levels, Poland, the Middle East, Central America and relations between the world's developed and developing nations. Speaking to reporters after the weekly Cabinet meeting, Mr. Berégovoy said that Mr. Mitterrand proposed the Washington meeting and that the date was set six weeks ago.

Last week the White House initiated Mr. Mitterrand by announcing the visit a day before the two sides had agreed the news would be made public.

Stockman Sees \$4-Billion Deficit Jump

WASHINGTON — David A. Stockman, director of the Office of Management and Budget, said Wednesday that the deficit for fiscal 1982 would be about \$102.6 billion, \$4 billion above the previous administration estimate.

Mr. Stockman told reporters after testifying before the Senate Finance Committee that farm support payments for 1982 would be about \$4 billion more than planned.

During the weekend, Mr. Stockman said the fiscal 1983 budget deficit was estimated at \$96.4 billion, almost \$5 billion above President Reagan's earlier estimates. During his testimony, Mr. Stockman said the administration would consider a proposal for a \$5-per-barrel oil import fee that would raise \$18 billion, if Congress submitted the plan.

Ulster Group Threatens Haughey

DUBLIN — Ireland's new premier, Charles J. Haughey, worked on his policies for Ireland Wednesday and the Ulster Volunteer Force, a Protestant group, said it would assassinate him if he meddled in the affairs of Northern Ireland.

The threat was issued in response to Mr. Haughey's pledge that one of his first priorities would be to get British troops peacefully out of Northern Ireland. The Rev. Ian Paisley, the Northern Irish protestant leader, said Mr. Haughey's re-election would mean "a stepping up of the republic's open hostility to Ulster and to demands for further direct involvement in our affairs."

In his first address to the parliament on Tuesday, after he was elected premier in an 86-to-79 vote, Mr. Haughey discussed the nation's most persistent problems — the economy and Ulster. Mr. Haughey has promised new spending, including huge investments for Dublin's decaying inner city, to remedy economic ills.

Arms Freeze Gains Support in U.S.

WASHINGTON — More than 120 members of the House and 19 Senators allied themselves Wednesday with a movement calling for a halt to the stockpiling of more nuclear weapons in the United States and the Soviet Union. More were expected.

At a news conference, congressional supporters announced that they would seek enactment of a resolution in both houses of Congress asking President Reagan to negotiate a mutual nuclear arms freeze with the Soviet Union.

Secretary of State Alexander M. Haig Jr. said in reaction to the proposal that a nuclear freeze would harm both the national defense and Mr. Reagan's strategy for reducing the level of nuclear arms around the world. In the event a freeze resolution is adopted, Mr. Haig said, "the instability and political disarray" that would follow "could be devastating."

Police Quell Protest Over Guatemala Vote

GUATEMALA CITY — Police using tear gas succeeded in breaking up a demonstration of about 200 protesters who asserted that there was widespread electoral fraud in Sunday's presidential balloting.

Three opposition candidates for the presidency, meanwhile, were released Tuesday after a brief arrest. They pledged to continue their protest against the election, won by Gen. Angel Anibal Guevara, the candidate of the ruling coalition backed by the military.

The outgoing Congress was expected to elect Gen. Guevara as president in congressional election expected to be held next week. The congressional balloting is required because

Gen. Guevara did not get an absolute majority of the popular vote. Gen. Guevara's opponents have charged that the government and the army stole the election. They appealed to the public to turn out for a rally in front of the presidential palace to demand a new election in 60 days. The turnout of about 200 was considered relatively small.

The government, warning that no demonstrations would be allowed, cordoned off the area around the palace. Police cleared it, seized cameras and tape recorders from some journalists and detained several reporters. They were all later released.

The civilian candidates released the following letter they wanted to deliver to the outgoing president, Gen. Romeo Lucas García. It spoke of the "jailing and murder of our parties' activists in an effort to frighten us from providing more proof of the violation of the elections."

After asking their followers to remain behind, the three candidates and their vice presidential running mates set out for the palace shortly after dusk.

The three candidates were stopped and put into a police van that took them to police headquarters.

"After we arrived, Chief of Police Gen. German Chupina came in and gave us a speech on the electoral process for almost one hour and then drove us home," said Alejandro Maldonado Aguirre of the center-right coalition of Christian Democrats and the National Renovator Party.

Official election results released by the Electoral Council late Tuesday gave Gen. Guevara 336,290 votes, or 36 percent, Mario Sandoval Alarcón of the extreme-right National Liberation Movement 250,313, Mr. Maldonado 207,387, and Gustavo Anzures of the pro-business Authentic Nationalist Party 87,709.

S. Africa Opens Trial Of Alleged Mercenaries

PIETERMARITZBURG, South Africa — A group of 43 alleged mercenaries pleaded not guilty Wednesday to charges that they hijacked an airliner to South Africa after an unsuccessful coup attempt in the Seychelles last November.

The 43 appeared in court here for their trial under South Africa's anti-hijacking laws. They face sentences of between five and 30 years if convicted.

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Mondale Assails Reagan's Policies On Economy and Social Welfare

By David S. Broder

Washington Post Service

WASHINGTON — Former Vice President Walter F. Mondale, in a preview of his 1982 campaign speech, has indicted the Reagan administration "not only for an economic program that has failed but for a profound lack of fairness and compassion."

In a 35-minute talk Tuesday at the National Press Club, Mr. Mondale advocated a number of policies that are likely to fuel debate not just in 1982 but in his expected bid for the 1984 Democratic presidential nomination. They range from repeal of the scheduled 1983 tax cut and the imposition of a refundable energy tax to the imposition of a "freeze" on nuclear weapons and a scrapping of the MX missile system and the B-1 bomber.

Speaking to a receptive audience that included several dozen officials from the Carter-Mondale administration, he also showed that he was ready to defend the record of that administration and his part in it.

While acknowledging that the Democrats should have done more to spur business investment and curb regulatory paperwork, he closed a question-and-answer period by declaring, "For four years, we told the truth, obeyed the law and kept the peace — and that's not bad." The comment received heavy applause.

Heaviest Schedule

Mr. Mondale has by far the heaviest 1982 campaign schedule of any of the 1984 Democratic hopefuls. Aides said the recent deterioration of the economy prompted Mr. Mondale to begin commenting publicly on the issues on a national level through Tuesday's speech and an appearance Sunday on an interview program on national television.

In his speech Tuesday, he said that the Reagan administration bore full responsibility for "a recession that did not need to happen." He called the three-year, 25-percent tax cut enacted last year "one of the most bizarre" ideas in history and said he had opposed it and its predecessors since they first

appeared as Republican doctrine in 1978.

"It was obvious even to a fifth-grader," Mr. Mondale said, "that you could not massively cut taxes, sharply increase defense spending and balance the budget all at the same time" without "pushing up real interest rates, bringing new investment and growth to a standstill."

Warning that Congress can not change these policies unless "the president is willing to be a part of the change," Mr. Mondale called on President Reagan to withdraw "the most misleading budget ever produced."

He called for canceling the 1983 income-tax cut, trimming business tax reductions voted last year and delaying the income-tax indexing provision scheduled for 1984.

These steps would cut the 1985 deficit by \$30 billion, he said. To pull out of the recession, Congress should advance the July 1 tax cut to April 1, he said. Defense spending should be cut \$10 billion below Mr. Reagan's proposed increase, he said. With these steps taken, Mr. Mondale said, the



Walter F. Mondale

administration could insist that the Federal Reserve Board "ease up on the money supply, which would reduce interest rates and permit the economy to grow."

In addition to those views, which are widely reflected by congressional Democrats, Mr. Mondale made an attack on the social policies of the Reagan administration that clearly followed the tradition of his mentor, the late Hubert H. Humphrey.

U.S. High Court Justice Reveals View of Case

Washington Post Service

WASHINGTON — An associate justice of the U.S. Supreme Court, breaking an unwritten rule against discussing issues pending before the court, has urged a congressional subcommittee to consider changes in U.S. civil rights law.

In suggesting new limits on the filing of discrimination suits, Justice Sandra D. O'Connor may have telegraphed her vote, on one of the most important cases on the Supreme Court's docket.

Justice O'Connor and Justice Lewis F. Powell Jr. were testifying on the Supreme Court's budget before a House Appropriations subcommittee. They cited the court's expanding caseload as justification for a requested 12-percent increase in its budget.

Prompt Remedy

Asked how Congress might help control the caseload, Justice O'Connor responded that it should consider legislation that would require people suing for damages under the civil rights laws to take their complaints first to administrative agencies. This requirement would cut down the number of suits reaching the U.S. courts, she said.

Civil rights lawyers argue that the U.S. law at issue was designed expressly to circumvent state administrative procedures and provide a prompt remedy for constitutional violations.

That Justice O'Connor says she believes administrative remedies should be exhausted before U.S. courts take up a case is no surprise. She had written on the subject before being appointed to the Supreme Court.

The fact that she talked about it Tuesday, however, was unusual. Last week the court heard oral arguments in a civil rights case from Florida raising the question of

whether exhaustion of state remedies before the filing of federal damage suits is required either by court precedent or past congressional action.

Justice O'Connor's comment suggests that she has decided that no congressional action requires the exhaustion of state remedies.

Sex and Race

The case under consideration, Patsy vs. Board of Regents of Florida, stems from a sex and race discrimination suit filed by a white woman job applicant. The 5th U.S. Circuit Court of Appeals ruled that she should have taken her complaint through available ad-

ministrative agencies before seeking damages in the U.S. courts.

Justice O'Connor would not comment when asked whether she believed she had been indiscreet. "I rest on what I said," she said.

The budget increase requested by the court is one of the largest sought by any U.S. agency, although the total budget request for the court, \$13.9 million, is small by most federal agency standards.

Justice Powell said that in the past two years the court had returned money to the Treasury. But the rapidly expanding caseload, inflation and inadequate budget estimates in the past required the increase this time, he said.

U.S. Aides Differ on Soviet Lasers

By George C. Wilson

Washington Post Service

WASHINGTON — Air Force leaders have distanced themselves from the Pentagon's research director, who has warned that the Russians could have an anti-satellite laser in orbit as early as next year.

Richard D. DeLauer, the Pentagon research director, in a secret statement inadvertently made public at a recent House Armed Services Committee hearing, said that U.S. "geosynchronous satellites may be threatened by a Soviet space-based laser as early as 1983-1988."

Geosynchronous satellites hang over the same spot on Earth at an altitude of 22,500 miles (36,000 kilometers) and are frequently used to bounce radio communications down to Earth. The administration of former President Jimmy Carter had said that Soviet space weapons threatened low-flying satellites, such as those used for reconnais-

sance. But it had not said the high-altitude ones were imperiled.

Mr. DeLauer's statement was supposed to have been kept secret, but Rep. Kenneth B. Kramer, Republican of Colorado, read it aloud late in February, during a public hearing that was taped by an Army Times newspaper reporter.

Gen. Lew Allen Jr., Air Force chief of staff, told the House Appropriations subcommittee on defense on Tuesday that he is skeptical about Soviet space-based lasers posing a threat to U.S. satellites anytime soon. Gen. Allen said he is more worried about Soviet progress on lasers based on the ground and Soviet anti-satellite efforts in general.

Lt. Gen. Kelly H. Burke, Air Force research director, told the House Armed Services subcommittee on research that there is no need for the United States to embark on a crash effort to develop space-based lasers. He said the choice of the type of laser technology could be made in 1984, and the decision on whether to put a

particular system into full-scale development could be put off until 1987.

"I personally am not encouraged by what I've seen in the application of space-based lasers up to this point," he said.

In a related development, the House Armed Services Committee on Tuesday approved a letter to the Budget Committee stating that the \$263 billion that President Reagan is asking for the military in fiscal 1983 is justified.

The letter, approved by voice vote, was in the form of guidance to the Budget Committee on what it believes the ceiling for the military should be in the first budget resolution that Congress will consider this year.

East German Soldiers Flee

The Associated Press

GOETTINGEN, West Germany — Two East German border guards, in full battle dress but without their weapons, fled across the mined border strip into the West German state of Lower Saxony Wednesday.

U.S. Agency Called Slow to Act on Air Safety

By Richard Witkin

New York Times Service

WASHINGTON — The Federal Aviation Administration has been slow to adopt safety recommendations on such problems as protecting planes against icing, reducing the time for strengthening passenger seats, the acting chairman of the National Transportation Safety Board has asserted.

The official, Jim Burnett, told a joint hearing of two House subcommittees Tuesday that the crash of an Air Florida plane in Washington on Jan. 13 had re-emphasized the need for up-to-the-minute data on runway conditions.

"An all-out effort must be made to solve this problem," Mr. Burnett said.

Rep. Dan Glickman, Democrat of Kansas, also used the Air Florida accident as a springboard for criticizing the safety efforts of the aviation administration.

Noting that there were no regulations telling the airlines what de-icing mixtures to use or when to use them, Rep. Glickman said: "I find that unbelievable. With all the

regulations that are placed on aviation, this one seems to have fallen between the cracks."

The criticisms of the aviation agency were made at a joint hearing by the Investigations and Oversight Subcommittee and the Transportation, Aviation and Materials Subcommittee of the House Committee on Science and Technology. Rep. Glickman was co-chairman of the hearing with Rep. Albert Gore, Democrat of Tennessee.

The session coincided with the seventh day of public hearings by a safety board panel looking into the Air Florida accident, which occurred when the twin-jet Boeing 737 took off from Washington's National Airport in a snowstorm and crashed shortly afterward, killing 78 persons.

It was disclosed Tuesday that the accident had led Air Florida to tighten its procedures for bad-weather operations.

Specifically, the Miami-based airline said that it had instructed its crews to add 6 to 8 knots (11 to 15 kilometers per hour) to the speed at which they lift planes off

the runway in snow, ice or slush.

Since higher takeoff speeds require more runway to achieve, the airline may often have to reduce its passenger and cargo loads to compensate and improve safety margins.

The airline has also ordered crews to turn on the engine anti-icing system immediately after starting engines whenever the temperature is below 46 degrees Fahrenheit (8 Celcius) and when any of several other conditions exist. Previously, there was no specific temperature at which the heating system had to be used.

One of the other conditions is the existence of visible moisture, including wet or dry snow, sleet, fog, etc. The rule also applies if it is anticipated that a plane will have to taxi in loose or blowing snow or if the plane has been de-iced with a solution of water and glycol.

The issue of using the engine anti-icer has been a keystone of the inquiry and a matter of some controversy. Evidence indicates that the Air Florida jet developed only

75 percent to 80 percent of normal takeoff power and made a slower than normal takeoff run.

The theory of most safety experts on the low engine power is that ice on instrument sensors in the engines gave the crew members false readings of engine power, and that they therefore did not advance the throttles as far as they should have while rolling down the runway.

Icing Facilitated

Under this theory, the icing of the sensors would have been facilitated if the crew had neglected to turn on the engine anti-icing system. It is not clear from the cockpit tape recording whether, in going over the preflight check list, the plane's captain, Larry Wheaton, said "off" or "on" when the co-pilot, Roger Pettit, said "anti-ice." It also is the contention of Air Florida officials that use of engine anti-icer was not mandatory if, as the crew evidently thought, the snow was dry, not wet.

In any case, it is believed by most experts that the use of engine anti-icing system would have made it impossible for the crew to get too high a reading on engine power and to have taken off with the power too low.

So far, airline officials have not suggested another reason why takeoff power was below normal.

U.S. Airline Asks Agency to Resume Control of Fares

New York Times Service

WASHINGTON — World Airways, which has soared to prominence on the wings of cut-rate fares in the four years since airlines were deregulated, has called on the Civil Aeronautics Board to take control of fares again because they are too low.

Heavy operating losses by the airline industry last year, believed to have exceeded \$1 billion, and dim prospects for at least the first part of 1982 have produced a crisis among the carriers. Edward J. Daly, the chairman of World Airways, said Tuesday in a statement released here. Only the intervention of the board on an emergency basis can reverse fortunes, he said.

Airline Chiefs Gather

ABIDJAN, Ivory Coast (Reuters) — Heads of 21 major airlines will meet here Thursday and Friday to review the industry's financial problems, officials have announced. They said the executive committee of the International Air Transport Association (IATA) would discuss a three-year plan to reorganize IATA's activities and discuss North Atlantic fares.

Rice Bribery Charges Re-Emerge

Koreans Allegedly Paid by U.S., European Dealers

By William Robbins

New York Times Service

WASHINGTON — Charges of a multimillion-dollar bribery scheme in which American and European rice traders were said to be paying off South Korean officials have sounded alarm bells in Congress.

The case, simmering since October, took on new intensity last week when a civil suit filed in California accused the rice traders of using at least \$6 million in overcharges to bribe representatives of

the South Korean government for arranging favorable deals.

The rice trade has long been marked by controversy, including a Washington scandal in the late 1970s. Now the Justice Department, whose Antitrust Division already had a grand jury in San Francisco examining the industry, has received a request from three members of Congress to investigate allegations similar to those contained in the California suit.

Members of the House Agricultural

Committee's Subcommittee on Cotton, Rice and Sugar also expect the subject to be broached at a hearing on South Korean rice-trade commitments.

The California suit was filed last Thursday in U.S. District Court in San Francisco by Joseph L. Alioto, a former mayor there, in behalf of the Rice Growers Association of California and the Farmers Rice Cooperative, organizations that control about 75 percent of rice production in California, one of the country's major producing states.

Named as defendants in the suit were Pacific International Rice Mills Inc. of San Francisco and Agroprom, a Swiss concern based in Geneva. Named as co-conspirators but not as defendants were "certain individuals" in what was called the Office of Supply, Republic of Korea, including its administrator, Kim Joo-ho. The agency serves as South Korea's purchasing office, arranging for all its imports.

Pacific International is an old rice company, but by its own account it had not figured largely in the Korean trade until the last two years. Agroprom, according to members of the trade, is a recently established concern headed by a former employee of Tradex, the European affiliate of Cargill Inc., the big American grain company.

The civil suit filed last Thursday charged that Pacific International and Agroprom agreed to ship 130,000 tons of California rice to South Korea and that the Office of Supply agreed to pay prices "substantially above the market." The suit put the "excess above market price" for the contracts involved at "about \$6 million," and it charged that the money "is being used to pay or share with individuals" in the supply agency "for the favor of awarding the contract and/or to subsidize future sales."

The formal complaint of the rice growers asserted that they had suffered losses by being excluded from the Korean business as a result of a conspiracy. It offered no particulars, however, to support the charges of misconduct.

The State Department, in a letter to a member of Congress, said that neither Mr. Alioto nor Grover Connell, president of the Connell Rice and Sugar Co., whom Mr. Alioto also represents, had supplied additional information on being asked for it by the department. Mr. Connell is not a party to the suits, but he has long handled exports for the two California co-operators.

In a response to the California suit, Curtis M. Rocca Sr., president of Pacific International, accused the two co-operators and Mr. Connell of trying to "intimidate Korea into refusing to deal with Pacific International," "thereby continuing their longtime stranglehold on the Korean rice business." Mr. Rocca, in the late 1970s, was among the targets of an investigation into the dealings of Tongson Park, a Korean businessman cited by Mr. Rocca, who was accused of acting as an agent in Korean rice dealings, confessed under a grant of immunity to spreading large sums around Washington.

London Times Union Agrees to 200 Layoffs

The Associated Press

LONDON — Union officials representing clerical workers at The Times of London have ratified an agreement for 200 job cuts, a spokesman for the 197-year-old newspaper said Wednesday.

The approval, voted Tuesday night, appeared to be a breakthrough in efforts to save the paper and its weekly stablemate, The Sunday Times. It followed the latest threat by the publisher, Rupert Murdoch, to close the journals if no agreement is reached on his demand for 600 job cuts.

The Australian publisher, whose holdings include the mass-circulation Sun, the weekly News of the World and the New York Post, said Tuesday that a settlement "had to be found" by next Monday if closure was to be averted. Mr. Murdoch told The Times and The Sunday Times from the Toronto-based Thomson organization in February, 1981. Since then, they have been losing money at an annual rate of £15 million (\$27.3

million). Mr. Murdoch contends overmanning is a key problem.

The Times reported in its Wednesday editions that officials of clerical locals of the National Society of Operative Printers, Graphical and Media Personnel had "overwhelmingly" approved an agreement reached with management Friday for a cut of 200 clerical jobs.

The breakthrough followed Mr. Murdoch's agreement to suspend dismissal notices sent to 210 clerical workers last week.

A spokesman for Times Newspaper Holdings Ltd. said, however, that "important negotiations remain to be completed with the Times machine room and Sunday Times warehouse. These are being pursued urgently. The only other matters still to be settled are the future of two ancillary sections of the composing room, which will be affected by the introduction of cold type."

The Times quoted Mr. Murdoch as having told Times directors Tuesday he was hopeful of "a successful outcome, possibly near the end of this week."

Fund Opened at N.Y. News

NEW YORK (AP) — Three unions at the Daily News have voted to set up escrow accounts for raises that are due March 31 and make the funds available to help keep the newspaper publishing, a union leader said.

Some of the other unions representing News employees plan to vote shortly. Others are waiting to see how management reacts. The unions estimate that in the next 12 months, through high-interest escrow funds set up and controlled by each of the 11 unions, the labor force could generate around \$10 million without interest.

The morning tabloid, with the largest circulation of any general-interest daily in the nation, was put up for sale in December by its Chicago-based owner, the Tribune Co.

Syrian Aids to Visit Iran

DAMASCUS — Foreign Minister Abdel Halim Khaddam of Syria will visit Iran within the next two days for consultations with Iranian officials on regional developments, a government spokesman said Wednesday.

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Japanese Do Without Courts In Settling Air-Crash Claims

By Steve Lohr
New York Times Service

TOKYO — On the morning of Feb. 9, the skies were clear and the weather balmy when a Japan Air Lines DC-8 plunged into Tokyo Bay just short of the Haneda Airport runway, killing 24 persons.

A few days afterward, Yasumoto Takagi, president of Japan Air Lines, embarked on a journey of obligation that in Japan is the expected behavior of a top executive whose company is involved in such a tragedy.

Mr. Takagi visited the families of most of the crash victims, apologizing profusely and paying homage on his knees before the Buddhist funeral altars in the homes of the bereaved.

Seiji Katagiri, the pilot, had a history of "psychosomatic disorders" and had been urged to see a psychiatrist, raising questions

about whether the airline should have allowed him in the cockpit.

Still, Japan Air Lines has not yet been sued by any relatives of the passengers who died in the crash, and it is unlikely that the company will be sued.

"If this had happened in the United States," said James Weatherly, a spokesman for Japan Air Lines, "we probably would have seen a wave of million-dollar suits. But people don't sue here."

Twelve suits have been filed thus far since an Air Florida Boeing 737 jet struck a bridge and crashed into the Potomac River on Jan. 13, seconds after taking off from National Airport in Washington. That crash killed 78 persons.

"This is a non-adversarial, non-litigious society," observed Tadashi Yamamoto, director of the Japan Center for International Exchange, a nonprofit organization in Tokyo.

International comparisons of lawsuits are imprecise. But government figures show that in 1979 about 160,000 civil suits were filed in Japan; the comparable total in the United States was several million.

There are about half a million lawsuits in the United States, compared with just over 10,000 in Japan, which has half the population of the United States.

The relative rarity of suits in Japan is often cited as an economic advantage. The Japanese, it is said, do not spend much time, money or energy suing each other but instead concentrate on outproducing other nations.

Out of Court

In his recent book "The Litigious Society," Jethro K. Lieberman, a journalist who is a graduate of Harvard Law School, writes: "Litigiousness is not a legal but a social phenomenon. It is born of a breakdown in community, a breakdown that exacerbates and is exacerbated by the growth of law. But until there is a consensus on fundamental principles, the trust that is essential to a self-ordering community cannot be."

To a remarkable degree, a consensus on fundamental principles exists in Japan.

Legal practices and habits also reflect a society's values, according to Carl J. Green, a Washington lawyer and a senior research fellow at Harvard Law School specializing in the Japanese legal system. In Japan, Mr. Green says, the harmony of community is valued most and people go to court only as a last resort.

In the United States, the rights of the individual are given priority

and the courtroom is a key forum in which the conflicting claims of individuals are arbitrated. "We would be unhappy with the Japanese system," Mr. Green said.

In Japan, liability settlements are typically decided in out-of-court negotiations. For example, the previous serious accident involving a Japan Air Lines plane was on Sept. 27, 1977, when 33 persons were killed in a crash in Kuala Lumpur.

No suits were filed. Instead, the airline and families of the victims held private consultations to determine the compensation.

A Japanese liability law that expires in April sets a maximum of about \$140,000 for each plane-crash victim. Yet Japan Air Lines has indicated that it will not necessarily limit settlements to that level, even though the accident occurred before April. "It's all negotiable," Mr. Weatherly said. "That's the way things work here."

However, the negotiations could not begin until Mr. Takagi of Japan Air Lines made his rounds.

Moral Responsibility

Japanese corporations are seen to bear moral as well as legal responsibility for disasters. "If the top man shows this moral responsibility, then the financial negotiations are likely to be handled much more smoothly," said Shobei Naito, a spokesman for Japan's Foreign Ministry. The Japanese government owns 40 percent of Japan Air Lines.

But even in Japan, the system of negotiation by consensus sometimes breaks down. For example, a group of relatives of victims of a hotel fire, which occurred the day before the plane crash, are reportedly preparing to sue. In that case, there apparently were no violations of the fire code in the hotel.

The most celebrated case of liability litigation involves victims of mercury poisoning in the city of Minamata on Kyushu, Japan's southernmost island. The poisoning resulted from chemical wastes dumped into the sea by Chisso Corp.

The first victims of mercury poisoning appeared in the early 1950s, but the case dragged on into the 1970s and eventually ended in court, where the victims won compensation.

Kojiro Fujikura, a law professor at Tokyo University who has studied the case, said: "Chisso heatedly denied the charge that it was to blame, and the suffering of the Minamata victims was of a different kind than we had seen before. It was outside the usual system. That is why it ended up in court, I believe."



HEADS OF STATE MEET — President Sandro Pertini of Italy, 85, at left, and Emperor Hirohito of Japan, who will be 81 next month, stand at attention during ceremonies Wednesday in Tokyo. Mr. Pertini is the first Italian head of state to pay an official visit to Japan.

India Accelerating Birth Control

New York Times Service

NEW DELHI — India's national birth-control program is gaining momentum, with thousands of people, mostly women, lining up at medical camps for surgical sterilizations.

Prime Minister Indira Gandhi proclaimed February as "family welfare month." Billboards equating the "small family" with the "happy family" were put up in every state, and radio programs advocated family planning.

The major reason for the campaign is that India's census last year counted 684 million people.

Most of those turning up at the medical camps are women, who receive \$22 for submitting to a quick surgical closing of their fallopian tubes. Men who consent to vasectomies are given \$15. The difference in payments reflects the new emphasis on women as the key to family planning.

A Health Ministry official said the government plans a major campaign in April to promote birth-control pills. Indian scientists are working on several other birth-control devices for women, but the Health Ministry official acknowledged that sterilizations would remain at the center of the drive.

Part of the solution, the government said, is to encourage women have fewer children so that they can work more productively. India is one of the few countries in which female life expectancy is less than that of men — 53 years for women and 54 for men.

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Marcos to Visit Saudis To Improve Relations

By Pamela G. Hollic
New York Times Service

MANILA — President Ferdinand E. Marcos is scheduled to visit Saudi Arabia this month for the first time. It is a country with which the Philippines has been developing close ties.

The three-day visit will give him an opportunity to reply to charges that the predominantly Christian Philippines is not doing all it could to resolve peacefully the decades-old conflict between Christians and the 5 million Muslims in the southern part of the country.

The Islamic Conference Organization, whose headquarters is in Saudi Arabia, has repeatedly urged its 42 members to "exert political, social and economic pressure" on the Philippines to carry out an agreement worked out in Libya in 1976 that called for autonomy for certain Muslim areas.

Mr. Marcos said in a speech two weeks ago that the Philippines had done all that was required under the agreement. He said his government had even offered the chairmanship of the provisional government to Nur Misuari, one of the recognized leaders in the region. But Mr. Misuari, who now lives in Saudi Arabia, denounced the plan.

The Philippines has claimed victory over the secessionist guerrilla forces of the Moro National Liberation Front and has agreed to peace talks to be held in Indonesia. But the government maintains that the front refuses to attend.

Islamic Affairs Minister Romulo Espaldon said at least 40,000 in the south had "returned to the folds of the law" since 1972. "Those left in the hills are bandits, terrorists and kidnappers," he stated.

It was partly because of the conflict in the south that Mr. Marcos declared martial law in 1972. Martial law was lifted in the rest of the country in January, 1981, but remains in much of the southern area.

Close ties with Saudi Arabia have been developing primarily as a result of the Philippine export labor program, which this year is expected to send thousands of Filipino laborers to Saudi oil fields. Of the 240,000 Filipino workers in the Middle East, 90 percent are in Saudi Arabia.

In addition, the Philippines has been trying to insure its supply of oil. More than 75 percent of its energy comes from petroleum imports, and 40 percent of those imports come from Saudi Arabia.

There has been speculation that Mr. Marcos will try to see Mr. Misuari in Saudi Arabia. The speculation followed a remark by Mr. Espaldon last week that such a meeting was possible.

The president subsequently chided Mr. Espaldon and said he would not meet with any rebel leader.

Mr. Espaldon also commented that the nation's "friends in the Islamic world" would like to see the Muslim conflict resolved, suggesting that the Middle Eastern countries had the oil and revenues to back up their arguments.

Ahmed Mohammed Ali, the president of the Islamic Development Bank, a specialized agency of the Islamic Conference Organization, said on a visit to Manila last week that the Philippines was being considered for financial aid because of its Muslim population.

Asia Population Of 3.4 Billion By 2000 Is Seen

The Associated Press

BANGKOK — Asia's population is expected to reach 3.4 billion by the year 2000, up from the current 2.5 billion, a United Nations report says.

The 1981 Economic and Social Survey of Asia and the Pacific, said the lowest growth rates were found in Hong Kong, Japan, South Korea and Singapore while Afghanistan, Bangladesh and Pakistan had the highest birthrates.

The average annual population growth in Asia between 1975 and 1980 was 1.79 percent, compared with 0.94 percent in North America and 0.4 percent in Western Europe. Growth rates during this period were 1.3 percent in China, 2 percent in India, 2.2 percent in Indonesia, 2.8 percent in Bangladesh and 3 percent in Pakistan.

The report said that based on current trends, Asia's population would rise to 2.9 billion in 1990 and 3.4 billion by the end of the century. It cautioned, however, that accurate population statistics were still difficult to gather in most Asian nations.

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Egypt (air)	165.00	92.00	Romania (sea)	124.00	69.00
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Finland (sea)	165.00	92.00	Switzerland (air)	124.00	69.00
France	124.00	74.00	Sweden (air)	124.00	69.00
Germany	124.00	74.00	Switzerland (sea)	124.00	69.00
Greece (air)	165.00	92.00	Taiwan (air)	124.00	69.00
Hungary (air)	124.00	74.00	Taiwan (sea)	124.00	69.00
India (air)	124.00	74.00	Turkey (air)	124.00	69.00
India (sea)	165.00	92.00	U.A.R. (air)	124.00	69.00
Ireland (air)	124.00	74.00	U.S.S.R. (air)	124.00	69.00
Ireland (sea)	165.00	92.00	U.S.S.R. (sea)	124.00	69.00
Israel (air)	124.00	74.00	Yugoslavia (air)	124.00	69.00
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4 — DIRECTOR PROJECT CONTROL:

Riyadh based. In charge of a team that would have duties of contract administration, progress control, materials control, accounting, cost engineering, claims, change orders, etc. Must be a graduate engineer, with 12-15 years of Middle East experience, with emphasis on above duties.

5 — CONTRACT ADMINISTRATOR:

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New Ways to Treat Vulnerable Knees

By Jane E. Brody
New York Times Service

NEW YORK — The knee, long the "Achilles heel" of professional athletes, is becoming the painful focus of attention among ever-growing numbers of people who have taken up jogging, tennis, skiing, volleyball, basketball and other activities that pound or twist this highly vulnerable joint.

"The fitness boom and interest in recreational athletics has increased the load forces on every joint," said Dr. Robert Nirschl, an orthopedist who is director of the Virginia Sports Medicine Institute in Arlington. "But the knee is especially vulnerable because of its location, construction and bio-mechanics, and knee injuries that were once the exclusive domain of men are now occurring in both sexes."

"Knee injuries are not limited to the Joe Namaths—they happen to their mothers, too," remarked Dr. Herbert Kanfer, an orthopedic surgeon at the University of Michigan School of Medicine.

The most incapacitating damage to the knee is caused by arthritis, which ironically is more likely to occur among sedentary individuals. Sometimes former athletes are disabled by so-called traumatic arthritis, the result of a serious knee injury that occurred years earlier.

Incidence of Injuries
In competitive sports, the knee injury rate is extraordinarily high. The late Dr. John Marshall, who was director of the sports medicine clinic at the Hospital for Special Surgery in New York, estimated the incidence of knee injuries among athletes in various sports as follows: skiing, 50 to 60 percent; football, 50 percent; women's gymnastics, 50 percent; basketball and volleyball, 25 percent.

At the same time that more people seem to be hurting their knees, the ability to diagnose knee injuries properly and treat them has improved dramatically in recent years. Though many of the improvements were spurred by career-limiting injuries to million-dollar athletes, all sufferers are their beneficiaries.

The most common serious knee injury, torn cartilage, can often be treated without major surgery using an instrument called an arthroscope, which is inserted through a quarter-inch incision. The arthroscope is now also widely used to diagnose ligament injuries, which in the past were often missed because damage to soft tissue does not show on an ordinary X-ray.

"The changes in knee surgery have occurred so rapidly that the textbooks can't keep up with them," remarked Dr. Donald Slo-

com of Eugene, Ore., who before his recent retirement operated on about 250 knees a year.

The most dramatic new aspect of knee surgery, the development and insertion of artificial knee joints, is the subject of intensive research on both sides of the Atlantic. More than 80 different designs have been developed.

Though total knee replacements currently apply to the fewest sufferers (they are not nearly so common as total hip replacements), artificial knees have already enabled hundreds of thousands of disabled arthritis patients to walk again.

The knee may appear to be a simple hinge, but it is actually capable of much more than just back-and-forth flexion and extension. In addition, with every step the knee joint angles from side to side, rolls, glides and rotates. This constant twisting also results in an eventual loosening of artificial joints that are simple hinges, since the muscles that move the knee try to make it rotate as a real knee would. The newest mechanical joints try to imitate the main actions of a normal knee.

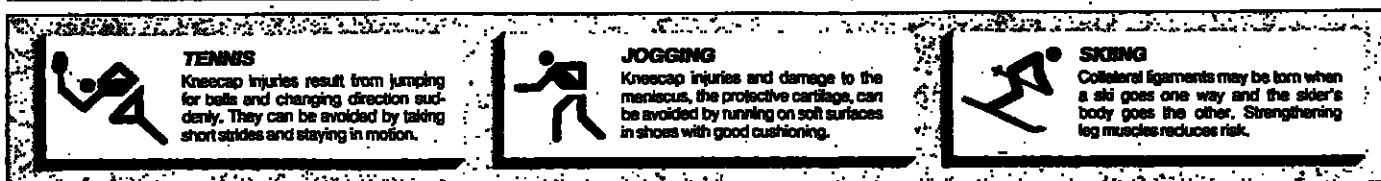
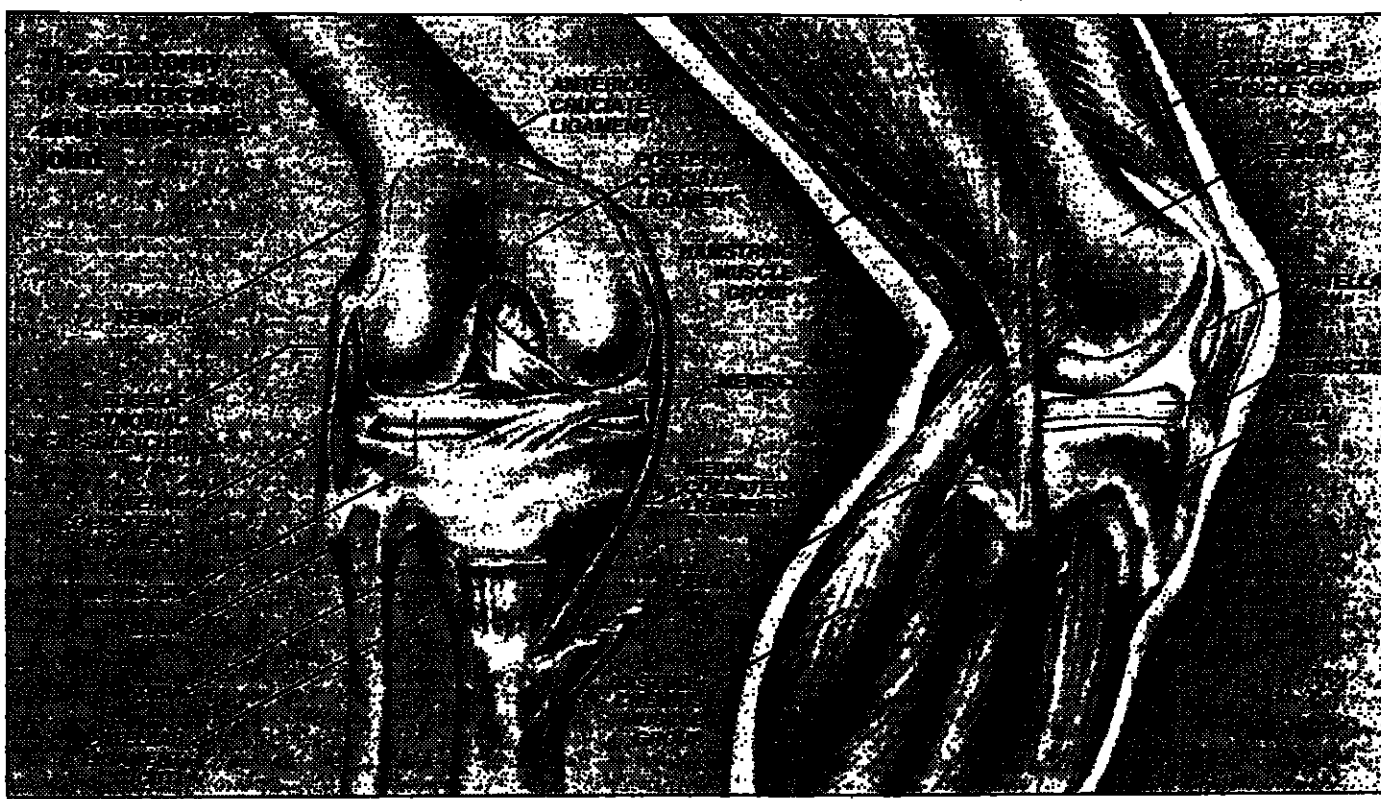
Marshall, an orthopedic surgeon specializing in knees before his death in 1980, wrote in the journal *Emergency Medicine*: "The knee has the distinction of being the largest and most commonly injured joint of the body. Because of its bony architecture, it is relatively shallow and owes its flexibility and stability to intricate systems of muscles and ligaments, which tend to be the first to go when we ask the knee to do too much."

Unlike the elbow, the knee is a weight-bearing joint. Normal activities like walking or climbing stairs place loads three to five times body weight on the structures of the knee. Far greater loads may result from more demanding activities.

"Gravity is the enemy of man's weight-bearing joints," remarked Dr. Robert Kerdan, a Los Angeles knee specialist who takes care of athletes from nearly every sport. "The repeated impact on them causes microtrauma, which leads to degeneration of the joint, arthritis and overstress injuries."

Unlike the hip, the knee joint is relatively unprotected by surrounding tissue. All that lies between it and injury is a thin layer of flesh, making it highly vulnerable to blows as well as sudden starts and stops. Also unlike the hip, the knee lacks the security of being a ball-and-socket joint. Rather, its structure resembles two chopsticks aligned end to end and held together by elastic bands.

And unlike the ankle, the knee is in the middle of two long lever arms and not stabilized by a supporting plank like the foot.



Despite its vulnerability, the knee is powerful. It lies between the femur, or thigh bone, and the tibia, the larger of the two lower leg bones. The bones are prevented from grinding against one another by two crescent-shaped pieces of cartilage, the menisci.

In a "trick knee" the bones slip out of line, and may pinch the cartilage or cause it to dislocate. But tears of the cushioning menisci are the most common cause of painful knee injuries.

"In an acute tear, such as might occur in a football injury, the meniscus is slashed as if it had been cut with a linoleum knife," said Dr. Howard A. Kierman, an orthopedist who is director of the knee clinic at the Presbyterian Hospital in New York. "In the more common injury, a degenerative tear, the fibers of the meniscus fracture, causing the cartilage to fray and tear like a worn-out carpet."

This kind of wear and tear might occur as a result of years of long-distance running, although those who jog two or three miles a day are unlikely to suffer such injury, Kierman said.

In the center of the joint stabilizing the link between the femur and the tibia are two ligaments, the anterior and the posterior cruciates, so named because they cross. Another pair, the lateral and medial collaterals, are located on the outer sides of the joint, providing side-to-side stability. The liga-

ments are likely to be torn apart or ripped off the bone by activities that twist the knee. Sprains, which involve tears of ligament fibers, are the most common knee injuries, according to Marshall. "The elasticity of ligaments permits just so much stretch, like a rubber band, and then something snaps," he wrote.

In front of the knee is a small bone, the patella or kneecap, which is attached by a tendon to the quadriceps muscle group in front of the thigh and by a ligament to the tibia in the lower leg. Running and jumping sports, in which the leg is often fully extended and the knee straight, can result in tendinitis, a painful inflammation in front of the knee. Chondromalacia, a destruction of the patellar cartilage, can result from a failure to treat "runner's knee," in which the kneecap tracks improperly in its groove.

Behind the patella is the synovial capsule, which secretes a fluid that lubricates the joint. When produced in excess, this fluid results in "water on the knee." Together with the cartilage, the synovial fluid "provides a smooth, durable, low-friction mechanism the best man-made joints cannot equal," Kanfer and his colleagues have pointed out.

The most challenging task is to make an artificial knee that does not come loose with continued use. Most prostheses, including the one

Kanfer's group has used with considerable success, are cemented to the leg bones in surgery.

Another type, developed at Johns Hopkins University School of Medicine, has a porous surface into which the bone grows. Although this is probably more durable, Kanfer said, "It takes weeks before the natural cementing takes place and during that time there can be no wiggling between the hardware and the bone."

The arthroscope, a narrow light-tube that permits a direct look inside the knee, is a far more commonly used surgical innovation. Along with arthrography, in which a dye injected into the knee allows soft tissues to show on an X-ray, arthroscopy has greatly enhanced medical diagnosis of ligamentous injuries, which sometimes require immediate surgery.

New Ligaments

If a ligament torn from its bony mooring is not promptly reattached, it tends to shrivel and heal with scar tissue, resulting in a knee too weak to withstand the stress of athletics, Kanfer said. Sometimes pieces of tendon from elsewhere in the body are used to fashion new ligaments. Holes are drilled through the bones and the ligaments are sutured to them. After six to eight weeks of healing comes a year or more of rehabilitation to restore supporting muscles to their

former strength. Without rehabilitation, the knee is highly susceptible to re-injury.

All told, however, only about 2 to 5 percent of knee injuries require surgical treatment. The use of arthroscopy and surgery under magnification to remove damaged cartilage has greatly simplified this most common of knee operations.

According to Kierman: "The knee is in its position of greatest strength when it is flexed. When fully extended, there is no way for the joint to absorb an impact injury." Since joggers run with flexed knees, they are less likely to suffer knee injuries than athletes whose knees are often straight, he noted.

For further protection, he recommended that joggers run on gravel or a wooden track rather than on cement, wear proper running shoes with good cushioning and a firm heel support and perhaps wear extra socks.

The strength of the knee joint very much depends on the strength of the muscles that work it: the quadriceps, the hamstring group in the back of the thigh, and the gastrocnemius group in the calf. As Kierman explained, "Muscles are elastic; by strengthening them, you can dissipate some of the shock injury to the joint." Thus, he added, exercises and activities that strengthen the leg muscles would protect the joint and help prevent wear and tear that might later develop into arthritis.

Broadway Is Suffering A Decay of the Spirit

By Sheridan Morley
International Herald Tribune

NEW YORK — Playwrights, actors and producers maintained a nightlong vigil last week in a battle to save the Morosco and Helgel Hayes theaters from the developers' bulldozers, a battle that now goes back to legal arbitration. But Broadway will not suffer terribly from the demolition of two antiquated playhouses which have already been stripped of their interiors; what is now in danger of destruction is the spirit of Broadway itself.

Currently there are 26 shows playing along the Great White Way, of which only seven could remotely be described as new American theatrical events, and half of those are likely to close in less than a season.

Broadway is being demolished not just by the builders of skyscraper hotels, but more effectively by an economy that forbids any but the oldest of musical ideas and Hollywood stars to flourish. Any believer in the possibility of it still featuring great legitimate performances should be taken forcibly to the Winter Garden, where two notable actors, James Earl Jones and Christopher Plummer, are to be seen in a travesty of "Othello."

This appalling Peter Coe production bears the same relationship to real Shakespeare that an airline meal bears to real food: it is a plastic, instantly packaged and dehydrated attempt to serve up a classic to an audience that has neither the time nor the interest to take it in, and Jones and Plummer are walking through it in what appears to be a trance.

Whole speeches are transposed, presumably in the interest of getting the more famous lines up front before the customers fall asleep, and when a significant plot development is reached, stage lights are switched on and off as a kind of early warning system. Anywhere else in the world this production would have been jettisoned out of the theater; on Broadway it gets the ritual standing ovation which audiences now accord any show for which they have to pay upwards of \$30 a ticket.

Meanwhile the hottest ticket in town, selling at \$40 over the counter and up to a \$100 under it, is for "Dreamgirls," a curious Michael Bennett extravaganza which looks as though it started with a lighting plot into which somebody then decided to insert live singers. Based loosely and unofficially on the career of the Supremes, this is a show lacking both a book and a score but choreographed to within an inch of its life by Bennett, who has here carried the ethic of his "Chorus Line" to its ultimate dehumanized extension. "Dreamgirls" is a rock concert performed in a theater; its plot is minimal (one Dreamgirl leaves the group only to triumph solo and return at the last to the fold) and the standing ovation which it nightly receives is the sound of an audience desperately trying to reassure itself that money has not been wasted.

Katharine Hepburn has, as usual, got it about right. Broadway for her has become just one more stopover (in fact the last) on a long coast-to-coast tour. "The West Side Waltz," in which she is currently playing at the Barrymore, is the work of Ernest Thompson, who also wrote her current screen hit "On Golden Pond" and who has concerned a useful line in Westchester, Chesham, thereby enabling age-old movie stars to instruct their fans in how to reach a graceful senility. The play concerns a feisty piano-playing old lady living out a poor-but-honest old age in a crumbling West Side apartment, alternately matchmaking for the younger folk or bickering with their elders. Hepburn sensibly plays it center stage and very fast, as if opening some underprivileged old people's home rather than closing a comedy of doubtful merit.

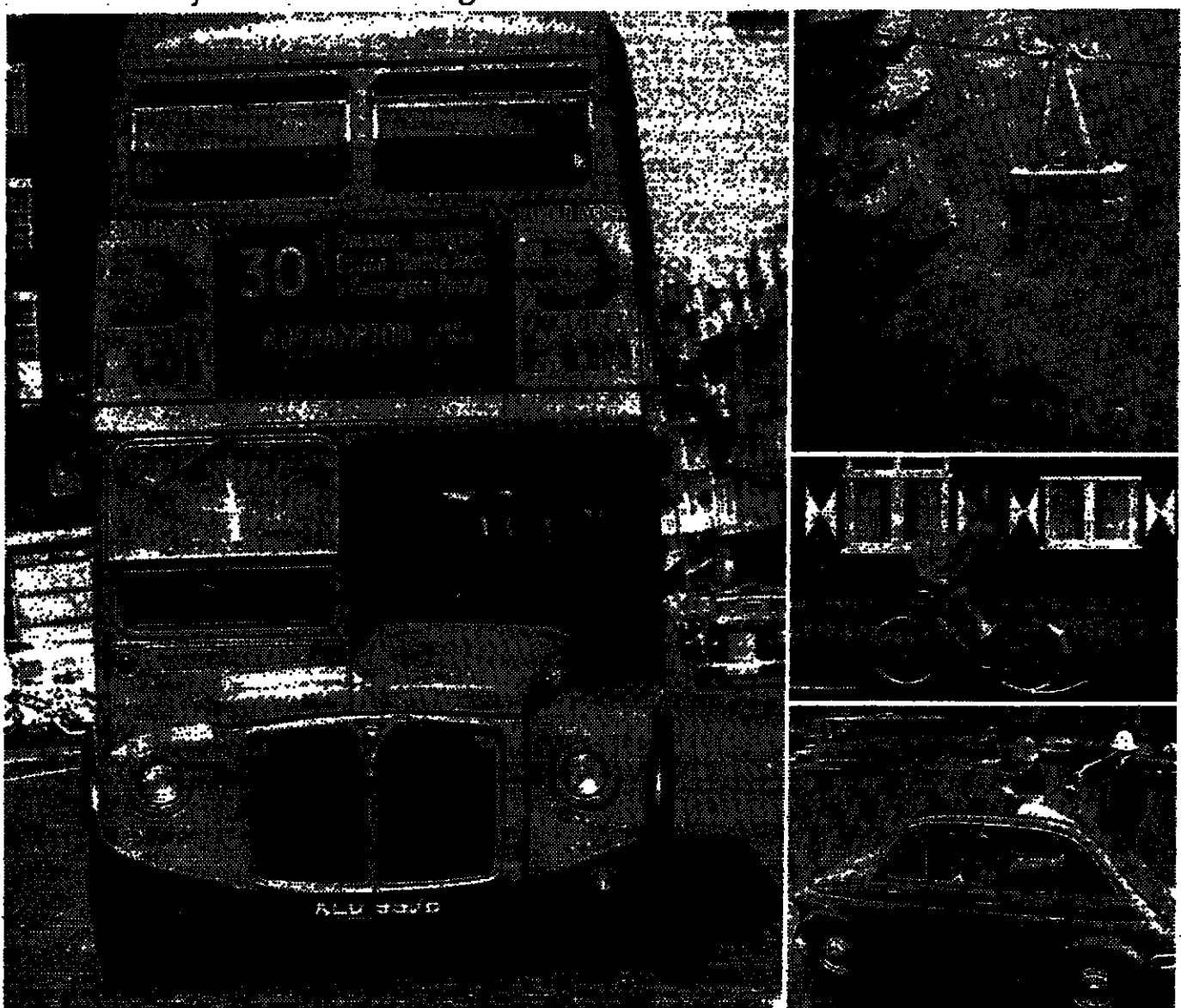
There is however better news off-Broadway, since Playwrights Horizons on West 42d Street is currently staging the best new American play I have seen in many a long season. A.R. Gurney's "The Dining Room" is another installment in his continuing saga of the decline of WASP America, but this one conceived and directed in a single room across 60 years, so that a stunningly versatile cast of six plays three generations in gradual states of professional and private decay (without changes of costume or makeup or setting).

At times the play resembles nothing so much as Eliot's "Family Reunion" rewritten by Alan Ayckbourn; at others its debt to Thornton Wilder's "Long Christmas Dinner" is still more in evidence. Yet Gurney has repaid all those debts with interest, and come up with a human history of recent America which is as funny as it is touching and as clever as it is true. The sooner it is seen in London and all over Europe, the better for us all.

And one final New York treat, at the Algonquin Hotel, late at night, a pianist called Steve Ross is playing and singing some of the best Son-dheim and Coward and Cole Porter I have ever heard.

Tell the homefolks how you're getting around Europe and make a pretty fare saving on the call.

Traveling through Europe can be a moving experience—and you want to stop just long enough to tell your family and friends about it. Check out the money-saving tips below, then give them a call. It's the first-class way to reach them—at bargain rates.




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The Jordanian military can make a perfectly good case for the equipment being sought. Unfortunately, the new stuff, if acquired, will almost certainly diminish the discretion that kept Jordan out of the last war and spur Israel to attack Jordan pre-emptively.

THE WASHINGTON POST.

—From *The Times* (London).

BERLIN — Marshal von Hindenburg, candidate for re-election as president next week, made his first and last appeal in the election campaign. Seated in his office in the presidential palace, a veteran soldier addressed himself to the entire German people in simple, telling language, explaining why he was running again and defending himself against the criticisms of his rival's supporters. The presidential campaign is becoming more and more bitter as it nears its close. The Hindenburgs are following out their program of 3,000 election meetings a night, while the other parties in the field are almost as active. In Berlin the police have made 422 arrests in five days.

There is a whole chain of problems here resting on a deliberately distorted record and wrong assumptions. It could be re-

In the summer of 1975, then Secretary of State Henry Kissinger secretly arranged

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"One Must Choose"
The same attitude animates the Soviet-like slogans that cover seemingly every vertical surface, exhorting people to work, sacrifice and, if necessary, die (and meanwhile turn off the electric lights) for the revolution. And it is in this spirit that the junta is crowding



commodation in the common interest of Western security.
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INSIGHTS / SIDELIGHTS

Energy Crisis Appears Gone With the Glut — for the Present

By Douglas Martin

New York Times Service

NEW YORK — The energy crisis, the source of so much personal discomfort and national anxiety during the 1970s, has eased materially.

Almost every day brings new announcements of price reductions for gasoline as world oil prices slide. And supplies appear increasingly available.

Broad changes have taken place in the ways energy is used, and they appear to be basic and long-lasting. The sharp rise in oil prices since 1973 has prodded the consumers to use considerably less energy, the producers to find more and the experts to raise their estimates of available reserves in light of the increased amounts of oil that can now be recovered economically.

But all students of oil, no matter what their views of the current situation, agree that a major political upheaval in the Middle East could change the energy outlook overnight.

What became known as the energy crisis amounted to the end of cheap oil. In the early 1970s, foreign producers, particularly in the Middle East, seized control of their only important product from the oil companies and proceeded to push prices to what were considered stratospheric levels. The challenge posed by the "crisis" was to find a way to produce adequate supplies of energy at affordable prices.

The producers' success in getting a sharply higher price may be their final triumph. Prices are influencing individuals and industry to use less oil than had seemed remotely possible before the 1973-74 Arab oil embargo.

Also, production of all forms of oil and other fuels has increased.

To an economist, the results are predictable: more supply, less demand and, hence, eroding prices.

The price of a gallon of gasoline — down by nearly 10 cents over the last year — has slipped to less than a dollar at some Texas filling stations. Heating oil has fallen by 7 or 8 cents this winter. Prices of petroleum products on the futures market, considered a reliable indicator of coming price movements, indicate that traders are anticipating a further 15-percent drop by next month.

Substantial reductions in the price of crude, such as Britain's decision last week to cut the price of its North Sea oil by more than 10 percent, have become frequent. The United States' imports of crude oil have fallen by more than half over the last three years. And the Organization of Petroleum Exporting Countries may be falling into disarray.

"It's a totally new ball game," says John Buckley, vice president of the Northeast Petroleum Corp.

Nature of Change

The experience of his Boston-based company illustrates the nature of the change. Prodded by higher prices, his company's customers are using half as much heating oil on average as they did a decade ago, and they have benefited from an 8-cent-a-gallon price decrease this winter.

But nagging problems remain. The economic and strategic stability of the Western world still hinges on the Gulf, a tinderbox that supplies roughly two-thirds of Western oil imports. And the economic damage of the "energy crisis" persists.

The energy crisis was an oil crisis. From

1950 to the early 1970s, the world's consumption of oil grew fourfold, while the price declined slightly. The proportion of energy supplied by coal declined from 40 percent to 17 percent, and improvements in efficiency of energy use seemed a waste of money.

Then, unnoticed by most Americans, U.S. oil production began to decline while output elsewhere surged. This was the result of the natural depletion of older oil fields, the lack of economic incentives to search for new ones and the easy availability of cheap foreign supplies. Saudi Arabia became more important to the United States than Texas.

The trap was set. During the 1973 war between Israel and the Arab countries, Arab oil producers cut output by 25 percent and embargoed oil shipments to the United States and other countries. The newly militant OPEC, which was not officially involved in the cut-back or the embargo, nevertheless seized the opportunity to quadruple prices.

Despite President Richard M. Nixon's threat to let the Arabs drink their oil, control over energy had shifted to the producing countries, and there seemed to be nothing the West could do.

A cycle of price rises hit the U.S. and other economies. The prospect that Middle Eastern producers would use their oil to blackmail the United States — and its allies, which are even more dependent on oil imports — became a continuing fear.

What has changed is that the price increases have sparked a barrage of positive developments. The revolutionary nature of these changes is apparent in the differences between experts' estimates of oil and energy needs now and those of a decade ago.

In 1973, Exxon predicted that oil demand in the non-Communist world would grow to 95 million barrels a day by 1985. Now, the world's largest oil company says that demand by the year 2000 will only grow to 60 million barrels a day.

Exxon had also forecast that total energy demand would grow to the equivalent of 214 million barrels of oil a day by 1985. Now, it says, demand at the turn of the century will be equivalent to 150 million barrels a day.

Production of Other Fuels

On the supply side, production of other fuels such as coal, nuclear energy and hydroelectric power is growing by 4 percent a year.

Further improving the world's energy situation is an increase in government stockpiles. The United States has taken advantage of the weak oil market to accelerate purchases to fill the Strategic Petroleum Reserve.

Already, OPEC has lost considerable flexibility. The doubling of oil prices after the Iranian revolution in 1979 has dampened demand by more than 10 percent.

Until the world converts to solar power and other renewable fuels, people will continue to be captives of the depletion of energy "capital" generated by dead dinosaurs hundreds of millions of years ago, rather than continually generated "income" created by the sun, according

to Barry Commoner, the environmental activist.

But the day of reckoning — when hydrocarbon fuels are no longer adequate to supply needs at an affordable cost — may have receded so far into the distance as to be almost meaningless, according to William Brown, director of energy and technology studies at the Hudson Institute.

"There has been a revolution in the use of energy," says Dennis Hayes, former director of the Solar Energy Research Institute. A new refrigerator-freezer, he says, is 45 percent more efficient than one made 10 years ago, and a room air conditioner, 17 percent more efficient.

At the same time, the use of oil to heat homes has fallen by at least a fifth, and U.S. government mandates have prodded automakers to produce cars that now average 22 miles per gallon of gasoline.

Conservation in the United States has kept today's energy consumption at the equivalent of about 35 million barrels of oil a day, or 5 million less than had been forecast before the 1973 embargo.

Certainly, the fall in energy consumption has had a dramatic impact on oil production. The world is now pumping 5 million fewer barrels of oil each day than in 1979, the year that marked the end of a three-year glut that forced prices downward in inflation-adjusted terms.

Unofficial Prices

The result is that oil is being sold unofficially at \$4 to \$6 a barrel below OPEC's official prices, and more and more analysts are questioning OPEC's ability to maintain its basic price of \$34 a barrel. Iran and Venezuela have lowered official prices in defiance of OPEC guidelines.

Although U.S. dependence on oil imports has been halved, vulnerability to uncontrollable events persists. The United States still receives a tenth of its supply from Arab countries, a 40-percent reduction in that proportion over the last four years, but still worrisome.

Another danger is complacency brought on by the current fall in oil prices. Evidence that this is happening includes a decline in the number of drilling rigs currently working in the United States to the lowest level in 10 months.

"You may be building up a potential supply crisis in a few years' time," says Abdelaziz al-Watari, assistant secretary-general of OPEC, which is based in Kuwait.

Even analysts predicting long-term price stability or decline readily concede that the market will fluctuate between periods of relative scarcity and abundance. But some believe the price of oil will gradually sink to as low as \$15 a barrel in today's dollars.

This view is apparently shared by investors. A recent analysis by Merrill Lynch, which itself does not believe the bottom will fall out of



Workers in California changed a speed limit sign from 70 to 55 mph in 1974 after President Richard Nixon signed a new maximum speed law in a move to save gasoline.

the oil market, indicates that Wall Street is currently valuing crude oil at \$20 a barrel in assessing the worth of oil company shares.

The central question is how much of the new energy situation represents transitory fluctuations and how much amounts to fundamental change. The factors arguing strongly for a pickup in energy demand and, hence, an increase in prices include the following:

- Inventories. Last year, ample world-wide stocks of oil were used up at the rate of 300,000 barrels a day. This year, oil companies estimate that stocks may be replenished at a rate equal to 500,000 barrels a day to keep the world's petroleum system working efficiently.

- Economic Growth. In 1981, industrial economies were mired in a deepening recession that cut oil demand by 4 percent. If economic activity picks up, "we're going to see a substantial recovery in oil demand," says Adam Sieminski, an analyst for the Washington Analysis Corp.

- Saudi Arabia. A key question on the minds of oil analysts is the extent to which Saudi Arabia, the world's largest oil exporter, will sacrifice revenues to fulfill its repeated promise to adjust production to support the basic \$34 OPEC price. Thus far, Riyadh has given conflicting signals.

But these considerations do not address two ways in which the world of energy appears to have changed fundamentally. The first involves those who use energy, the second those who produce it.

Slowdown Appears Permanent

The slowdown in energy consumption appears to be permanent. Analysts doubt that if the price of oil falls significantly and economies perk up, people will suddenly abandon energy efficiency and return to V-8 engines and energy profligacy. Most, probably more than half, of the fall in energy demand is now built into people's attics and cars and companies' capital equipment.

If demand keeps falling, the issue of inventories changes. Since less oil is used, smaller

stocks can cover more days' supply. Current inventories are still quite close to the International Energy Agency's mandated 90-day level at today's consumption levels.

"If you've got a \$100,000 house, it's stupid to insure it for \$200,000," a British energy analyst says, noting that it costs companies as much as 75 cents a barrel a month at today's interest rates to maintain stocks of oil that may be unnecessary in the new environment.

Current Accounts Problem

The other broad change is the fact that producing countries have based their current budgets on the price jump that followed the Iranian revolution. Now, only four OPEC members — Saudi Arabia, Qatar, the United Arab Emirates and Indonesia — are producing enough oil to balance their current accounts, according to Petroleum Intelligence Weekly, a trade publication.

For instance, Nigeria, whose oil is similar to the British North Sea oil and now costs \$5.50 a barrel more, is producing about a million barrels of oil a day, down from 2.4 million in 1979 and the 2 million necessary to meet basic revenue requirements. Iran has been so hard pressed it has cut its price to \$4 below OPEC's official level. Other producers are in equally tight straits.

The consequence is that cash-short countries are competing ever more bitterly.

"Truly, OPEC is incapable of preventing a fall in the price of oil," says Ali D. Johany, energy analyst at Saudi Arabia's University of Petroleum and Minerals.

But OPEC is going to try. The group's president, Sheikh Mansour bin Jaber al-Thani, has called a special consultative meeting of the 13 nations this month to try to hammer out ways to reverse the price slide.

Can they succeed? "OPEC is getting to be kind of a joke," says Walter McDonald, former head of the Central Intelligence Agency's energy operations. "The next few months are going to be very, very tough for these characters."



An automobile queue at a Honolulu gas station during the 1974 rationing plan.

New Look at the DC-10: Does It Merit a Better Reputation?

By Douglas B. Feaver

Washington Post Service

WASHINGTON — On the third Saturday in January, with the crash of Air Florida Flight 90 commanding the attention of the aviation world, senior Federal Aviation Administration experts and Douglas Aircraft Co. engineers met in Long Beach, Calif., to close the books on another disaster: the DC-10 accident in Chicago on May 25, 1979.

The meeting was congenial, in sharp contrast to the suspicion and animosity at dozens of sessions in the summer of 1979 between most of the same people. Everyone was relaxed because, despite the fact that technical changes were still being made to the jumbo jet, everyone knew — as the aviation community as a whole now knows — the DC-10 has a much smaller share of the blame than American Airlines for the worst crash in U.S. history.

In fact, it is time to stop picking on the DC-10.

That three-engined, wide-bodied jetliner has recaptured the high level of professional respect that Douglas airplanes have traditionally held. The new attitude results from discoveries in both the official investigation of the Chicago crash and the later, largely unpublished civil liability suits brought by the relatives of those killed in the crash.

Unanswered Questions

However, answers to some of the questions about the Chicago crash will never be known because McDonnell Douglas and American Airlines reached agreement in private on what percentage of damages each would pay in the legal suits that followed the crash. McDonnell Douglas and American never contested that they were the liable parties. Their agreement is sealed forever by court order, but before it was struck last April, these curious things happened:

- American Airlines officials ordered an internal investigation of the accident, then destroyed all copies of the report of that investigation on the advice of their counsel and in violation of a court order, according to court findings.

- Documents obtained during legal discovery make it possible to infer — but not prove — that some American Airlines maintenance personnel knew they had cracked the engine mounting on the crashed airplane, but, thinking the crack unimportant, decided to postpone fixing it and returned the plane to service. American Airlines officials deny the inference, claiming that a key document pointing to that inference was mislabeled. There is no indication that senior American officials were aware of the problem.

- The crew chief who worked on N110AA, the crashed plane, when it received major maintenance between March 29 and March 31, 1979, committed suicide at his home near American's maintenance base in Tulsa. He had been scheduled to meet with attorneys the next day to discuss a deposition he was to give about maintenance on the plane.

- Business Insurance, a publication that follows the liability insurance field, reported that the sealed court agreement shows that American Airlines' insurers agreed to pay 75 percent of the damages awarded families of the victims of the crash. Neither American nor McDonnell Douglas will confirm that report, but aviation sources say it is accurate.

Business Insurance also reported that Douglas had agreed to pay 85 percent of the damages in a tentative agreement worked out shortly after the accident, before investigation and legal discovery began to point the finger the other way. In other words, there was a remarkable turnaround in the perceptions of who was to blame.

Presiding over this tale is the ghost of an earlier DC-10 disaster, a crash near Paris in March, 1974, that killed 346 persons and remains the worst single-plane accident in history. Both the FAA, the regulator, and the National Transportation Safety Board, the investigator, were criticized for not having prevented that crash, and neither body wanted it to appear that it was not doing its job after Chicago.

Explosive Decompression

The Paris crash occurred when a door to a Turkish Airlines DC-10 cargo compartment blew open explosively as the plane climbed to 12,000 feet (3,640 meters). The floor of the passenger cabin buckled, severing control cables and sending the plane into a dive.

The possibility of explosive decompression because of a malfunctioning lock on the cargo door had been discovered in an earlier, nonfatal DC-10 accident near Detroit. The question was: Why hadn't the FAA ordered McDonnell Douglas to make sure the door was changed so it wouldn't happen again? As a result of the Paris crash, the floors of all wide-body aircraft have been strengthened so they can withstand explosive decompression.

Five years later, American Airlines Flight 191, from Chicago's O'Hare International Airport to Los Angeles, took off. Just as the nose lifted off the runway, one engine and the pylon that held it under the left wing ripped up and over the wing and crashed to the ground. Electrical power was cut to cockpit warning instruments; hydraulic lines that powered the control surfaces on the left wing were slashed. The surfaces, called slats, extend from the front of both wings during takeoff to give a jetliner added lift. With the hydraulic lines cut, the left wing slats retracted while the right wing slats remained extended. That unbalanced the plane's controls, a circumstance called "asymmetrical slats," and resulted in the plane's having more lift on the right wing than on the left. The plane climbed briefly, rolled to the left and crashed into a field north of O'Hare, killing 273 persons.

Engineers discovered that the aft pylon bulkhead, a major support plate in the pylon, had catastrophically sheared in two. All DC-10s were grounded for a quick check of the pylon, then permitted to fly again. Another check, and two American Airlines planes that had been checked the first time were found to have cracks in the aft pylon bulkhead.

FAA Administrator Langhorne M. Bond grounded the entire DC-10 fleet for 37 days while his experts pored over the engineering data that, Douglas insisted, proved the pylon to be a sturdy, carefully designed structure.

A case was also beginning to build against American. Within 10 days of the accident, safety board investigators made a major discovery: American was not using the Douglas-recommended maintenance procedure to remove the engine and pylon from the plane while replacing a worn part.

Douglas recommended that the engine be removed separately from the pylon, a process

that involves unscrewing many bolts, hoses and connections. It saves time and money to remove both the engine and the pylon as one large unit, and that was a procedure American, and Continental Airlines, began to use. However, this procedure placed enormous stress on the aft pylon bulkhead after it was disconnected from the wing because the weight of the engine, about 5 tons, smacked the pylon against metal in the wing. As mechanics moved the assembly, it was possible to crack the pylon bulkhead, safety board tests proved.

The FAA moved quickly to outlaw the single-unit procedure and punish those who had used it. American Airlines paid a \$500,000 civil penalty in November, 1979, to settle all claims concerning the maintenance procedure; Continental paid a \$100,000 civil penalty.

The next month, the safety board closed its investigation of the Chicago crash by ruling that "The probable cause ... was the asymmetrical stall and the ensuing roll of the aircraft because of the uncommanded retraction of the left wing outboard leading edge slats and the loss of stall warning and slat disagreement indication systems resulting from maintenance-induced damage leading to the separation of the No. 1 engine and pylon assembly at a critical point during takeoff. The separation resulted from damage by improper maintenance procedures which led to failure of the pylon structure."

The board gave some blame to McDonnell Douglas for the vulnerability to damage of the pylon attachment points and of the slat system. The FAA was blamed for deficiencies in its surveillance and reporting system, which failed to disseminate widely the fact that in December, 1978, and again in February, 1979, pylon bulkheads on Continental DC-10s were cracked during maintenance when the one-step shortcut was used. Continental caught the problem and fixed the pylons before putting the planes back in service.

Claims by Families

While the safety board was ending its investigation, lawyers for the families of those killed in the crash were getting started. Safety board findings, under federal law, cannot be used as the basis for legal claims, although the technical work of the board's staff and the facts it uncovers help lawyers build their discovery lists.

It initially appeared that the legal task would be relatively simple and that American Airlines and McDonnell Douglas would work out how to divide responsibility for paying the settlements. That proved to be a futile hope after a few months, however, and U.S. District Court Judges Edwin Robson and Hubert Will permitted discovery to begin in April, 1980, in anticipation of a full-scale trial on the question of the division of responsibility.

Attorneys discovered that Donald Lloyd-Jones, American's senior vice president for operations, had ordered American's senior safety expert, Mac Eastburn, to make an internal investigation of the accident. Such a report, of course, would be of extraordinary interest to lawyers seeking to establish liability, so they asked the court to order American to produce it. American attorneys, according to court papers, responded that the report did not exist.

Judge Robson and Judge Will, in a subsequent opinion, said: "Lloyd-Jones testified that Eastburn informed him in late August, 1979, that he had been instructed by counsel

not to retain copies of notes or drafts of the report. He testified that some time in September, 1979, he confirmed with [Richard] Malachowski, in-house counsel for [American], that Malachowski had given such instructions to Eastburn. Some months later, he stated, Eastburn informed him that he had not retained any notes or drafts ... Lloyd-Jones stated that at the time he discarded his copy of the report, he was not aware that it was the sole remaining copy, but that Malachowski informed him that no copies remained some time in the summer, 1980."

American then contended that the report was not subject to an Illinois state court order issued a few days after the crash that required that all evidence concerning the accident be preserved.

Contention 'Untenable'

"This contention," Judge Robson and Judge Will wrote, "is untenable. A party may not destroy documents where a preservation order has been entered, conceal that destruction for almost one year, then claim that the preservation order never applied ... moreover it is inconceivable that the Eastburn report did not deal with matters relevant to the issue of liability and the cause of the May 25 accident."

Judge Robson and Judge Will ordered American to pay all costs and fees relating to depositions, court appearances or motions dealing with the Eastburn report "or which might have been necessary had the Eastburn report not been destroyed." It could not be learned what that cost American. Donald W.

Madole, a Washington attorney who filed the motion seeking the legal fees on behalf of the families, said the matter "has been settled to my satisfaction."

In his motion, Mr. Madole argued that the Eastburn report must have contained information showing that American employees knew the pylon was cracked. Mr. Madole cited documents obtained during discovery showing that American Airlines had sent out a "fleet campaign directive" to its maintenance bases directing full-scale inspections of the DC-10 pylon area. The specific instructions for that inspection were written in Tulsa, and the first signature on those instructions is dated May 25, 1979.

But, Mr. Madole's motion argued, investigators did not have access to the accident site until May 26, the day after the crash. Therefore, he suggested, there was no way to know that the pylon was a suspect area and no basis for ordering a fleet campaign directive to inspect the pylon area on all other American DC-10s unless American employees already knew there was a crack in the pylon.

Judge Will and Judge Robson said they did not have to deal with Mr. Madole's contention that some American employees knew the pylon was cracked because the motion was filed after the division of responsibility for paying damages had been settled. They wrote, "This is not a trial on liability. The court is not required to find whether American knew of the crack."

A total of 165 suits arising from the Chicago crash were consolidated in the federal court in

Chicago until the division of responsibility was decided and sealed. About 80 families have been compensated either through out-of-court settlements or as the result of trials. Settlements range from \$75,000 to \$1.8 million. About half the families have still received no compensation.

Several things have been done since the Chicago crash to change all DC-10s or how they are flown. New instructions have been given to pilots on how to "fly out" of situations similar to the one the Chicago crew encountered because, it has been learned, it is possible to survive an asymmetrical-slat, engine-out condition on takeoff if normal procedures are modified.

There is, however, one interesting incident, and it led directly to that meeting in January. The right-wing engine of an Air Florida DC-10 blew up as the plane was accelerating along the runway on a takeoff from Miami on Sept. 22, 1981.

Pieces of the disintegrating engine severed one of the cables that, in combination with the hydraulic system, keeps the leading-edge slats extended. The slats on one wing retracted, just as they had in Chicago, but it made no difference because the pilots knew about the engine problem soon enough to abort the takeoff safely.

The Air Florida incident, combined with an earlier, similar occurrence in Pakistan, suggested to the FAA and Douglas that a slat modification might be prudent, if not required. That modification will be completed on all DC-10s by Jan. 31, 1983. The time has come to stop picking on the DC-10.



In Frankfurt, a DC-10 received a careful examination after an accident in the United States in 1979.

NYSE Nationwide Trading Closing Prices Mar. 10

Tables include the nationwide prices up to the closing on Wall Street.

Market Summary

Dow Jones Averages	
INDUSTRIAL	2,811.14
COMMON STOCKS	1,181.14
30 STOCKS	1,181.14
Market Indices	
NYSE	1,181.14
AMEX	1,181.14
NYSE Most Actives	
IBM	160.00
GE	110.00
AT&T	100.00
NYSE Index	
NYSE	1,181.14
Standard & Poors Index	
NYSE	1,181.14
AMEX Most Actives	
IBM	160.00
GE	110.00
AT&T	100.00
AMEX Stock Index	
AMEX	1,181.14
Odd-Lot Trading in N.Y.	
NYSE	1,181.14
Dow Jones Bond Averages	
12 MONTH	1,181.14
3 MONTH	1,181.14
6 MONTH	1,181.14

12 Month	3 Month	6 Month	9 Month	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year	10 Year
1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14

12 Month	3 Month	6 Month	9 Month	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year	10 Year
1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14

12 Month	3 Month	6 Month	9 Month	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year	10 Year
1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14

12 Month	3 Month	6 Month	9 Month	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year	10 Year
1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14

12 Month	3 Month	6 Month	9 Month	1 Year	2 Year	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year	10 Year
1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14	1,181.14

IRS Wins 'Symbolic' Case on Straddle

By H.J. Maidenberg

NEW YORK — The Internal Revenue Service has won a legal battle to prohibit the use of commodity futures straddles to postpone tax liabilities, but the victory appears to be largely symbolic because the Economic Recovery Tax Act of 1981 banned the use of commodity tax straddles anyway.

The U.S. Tax Court, upholding the position that the IRS has taken since 1977, ruled Monday that commodity tax straddles were solely devices to avoid paying taxes, rather than business transactions aimed at making profits, and prohibited the use of paper losses on such transactions as tax deductions.

A typical tax straddle today would involve, say, the purchase of a 1982 silver futures contract and the simultaneous sale of a 1983 contract. If prices dropped, then losses on the current year's futures would be applied against taxes due by April 15, 1983, while the gains on the futures that were sold short would square the straddlers' accounts with their brokers. Also, the gain on the 1983 futures could be offset by another straddle.

In theory, one could roll over tax liabilities from year to year until, as the saying went in the commodity trade, "one finally paid from the grave," or until one had enough real trading losses to make such losses unnecessary.

Tax Law Ended Debate
Steven Oppenheim, a partner in the national accounting firm of Oppenheim Appel Dixon, said that the "Tax Court's ruling is only pertinent in a historical context because the legal debate over tax straddles was largely solved by the 1981 tax law." That law in effect gave speculators a maximum tax rate of 32 percent on their profits in exchange for ending tax straddles.

The law gave those involved in tax straddles up to five years to unwind these deals provided they paid interest to the IRS on the balance. The rate for the first year was set at 20 percent. The Tax Court's ruling resulted from lawsuits involving two Los Angeles, Calif., couples, Mr. and Mrs. Harry Lee Smith and Mr. and Mrs. Herbert J. Jacobson, who Judge Arthur L. Nims 3d said were "solicited" for these tax shelters by their broker, Merrill Lynch, Pierce, Fenner & Smith.

Venezuelans See Delay for Loan Plans

Officials Optimistic Despite Busy Market

By Keith Grant

CARACAS — Venezuela probably will delay its next major Euro-market syndication until mid-year, but it hopes to fulfill its planned borrowing program of around \$3.5 billion for 1982, senior Finance Ministry sources said Wednesday.

The market is likely to see growing competition for funds among oil producing countries, and it would be prudent to avoid possible overcrowding at this stage, they said.

The last Euro-market operation by the government, a \$600-million credit arranged by Chase Manhattan — increased from the \$500 million originally mandated — is due for signing in London next week.

Venezuela is sending out Japanese banks on a Eurocredit of \$450 million to \$500 million for June, possibly with some Arab banks taking part, the sources said.

This operation, within the framework of the government's refinancing program, would follow a planned issue of 20 billion yen (\$34 million) in the Japanese bond market. Venezuela has tapped the Japanese bond market four times.

A plan to raise upward of \$1 billion in the Middle East has not progressed, partly because of the depressed economic climate among potential Arab lending countries, the sources said.

Offer Declined

The government had been looking toward the Middle East as an alternative to covering the Euro-market, but it will probably have obtained its needs in the syndicated loan market, the sources said.

Public Credit Director César Aguado said Venezuela this week formally declined an offer from group of Arab banks led by Arab Bank for a \$1-billion, three-year revolving credit.

He said the Arab bank offer was made early in February and despite being reformulated was turned down because local public credit law precludes borrowing by the republic at less than one-year maturity.

The Arab bank offer involved revolving payments of between 30- and 180-day maturity, Mr. Aguado said.

He said the offer carried an spread of 1/2 percent over the London interbank offered rate, a 3/16 percent commitment fee and a management charge of 1/4 percent, all of which were considered high for a short-term credit.

Paying More

Mr. Aguado said the mistaken impression was created that Arab bank had received a mandate and said that the same misconception had occurred earlier with a reported sterling credit arranged by Lloyds Bank International.

He said that Venezuela is trying to avoid rushing into the market, noting that Mexico's Pemex currently is raising \$2 billion at higher interest terms than it obtained a year ago.

Banking sources said the Venezuelan state power company, Edelca, also had to pay more for a \$300-million, eight-year credit mandated this week to Manufacturers Hanover — 1/4 percent over Libor for the first four years and 1/2 percent over Libor for the last four — after last year raising 10-year money at 1/2 percent.

Mr. Aguado said Venezuela probably will limit its medium-term borrowing this year to refinancing for the republic, Edelca's program of \$700 million, and about \$70 million to \$80 million for state electricity company, Cadefe.

Decision

Government-owned Inter-Alumina will also need around \$300 million this year to finance construction of its alumina factory, company president Oscar Martinez said.

Mr. Aguado said that state agencies will continue to roll over short-term debt, especially the Corporación Venezolana de Fomento, which has yearly obligations in the range of \$2 billion.

He said the CVF is presently seeking \$257 million in one-year credit. Shearson Loeb Rhoades declined a mandate for \$97 million last month. The funds are being provided now by Chemical Bank, while Bank of America is in the process of syndicating the remaining \$160 million. The CVF will require new short-term credit in April, Mr. Aguado added.

GM, Union to Reopen Early Contract Talks

From Agency Dispatches

DETROIT — Douglas Fraser, president of the United Auto Workers, has agreed to a General Motors request to resume emergency contract talks Friday at GM headquarters here. The company hopes to gain pay and benefit concessions in return for an offer of increased job security.

Mr. Fraser said the session is contingent on a vote from the union's GM Council, which meets Thursday in Dearborn, Mich. The Detroit News quoted unidentified union leaders as predicting an 80-percent council vote in favor of resuming the talks, which broke off on Jan. 28. Since then, GM has announced the closings of seven plants.

Banking Syndicate With U.S. Participants Reported Negotiating Loan For Nicaragua

By Clyde H. Farnsworth

New York Times Service

WASHINGTON — An international banking syndicate, with U.S. participants, is negotiating a \$130 million loan to Nicaragua, according to a bank and a Nicaraguan government official.

Aid flows from the United States to Nicaragua have been suspended because Washington has charged that Managua has been providing military aid to guerrillas in El Salvador.

While the Sandinista government of Nicaragua has repeatedly denied that it was supplying aid to the Salvadoran insurgents, it has declared openly its allegiance to Marxism.

The loan is being organized by a London-based consortium called Interbank. Its members include the Bank of America, Deutsche Bank, the Union Bank of Switzerland, the Dai-ichi Kangyo Bank of Tokyo and the Banco Nacional de Mexico.

[An Interbank official in London Wednesday denied that the consortium was negotiating a loan for Nicaragua, Reuters reported.]

Jaime Chico, Interbank deputy managing director, said he had checked specifically with his office in Mexico Wednesday, "and they denied completely that there is anything that we are arranging right now in Nicaragua."

One U.S. banker said, however, "We were approached by Interbank to participate in the syndication."

[Reuters also reported from Tokyo that the Dai-ichi Kangyo Bank denied any involvement in any loan to Nicaragua.]

A spokesman said the bank has neither been contacted by the Nicaraguans nor invited by the reported consortium for such a loan to Nicaragua.

Karen Shaw, vice president of the Bank of America, said her institution was a minority shareholder in Interbank, did not participate in its day-to-day operations and was "not participating in this loan in any way."

William W. Baldwin, a spokesman for the First National Bank of Chicago, said his institution had been asked to join in the syndication. "We are still examining the situation, and no decision has yet been taken," he added.

The loan, which according to Jaime Wheelock, a member of Nicaragua's ruling National Directorate, would carry the guarantee of the government of Mexico, has raised sensitive questions of U.S. international financial policy.

The Reagan administration has sought to isolate Nicaragua financially because of its purported role in the conflict in El Salvador. Last January it voted against a \$16 million World Bank loan for municipal development projects in Nicaragua.

The loan was approved after other World Bank members overwhelmingly supported it. Earlier World Bank loans to Nicaragua were approved after U.S. abstentions.

Mr. Wheelock, who has been in New York and Washington trying to win friends in the face of the hard-line Reagan administration policies, has told bankers in New York and members of Congress that his government is committed to a mixed economy and to repayment of its debts.

He noted that the state share of the gross domestic product, according to one report of his remarks, was less than that of most Latin American countries and of several European countries.

He also accused the Reagan administration of putting pressure on leading banks against providing financial support.

Thomas O. Ender, assistant secretary of state for inter-American affairs, has told the Nicaraguan authorities that the United States would readmit their country to the "aid community" once they ceased spreading revolution in Latin America, cut off arms shipments to El Salvador and guaranteed political pluralism in Nicaragua.

Mr. Wheelock, who is minister of agriculture, has told his U.S. audiences that Nicaragua wanted the \$130 million being syndicated by Interbank in London to help plug a projected deficit this year of \$450 million in its current account. Last year the current-account deficit in trade and services was \$390 million.

Nicaragua has arranged other credits, reportedly with Mexico and Libya. In addition, the World Bank is now studying plans for fresh credits for specific projects. The International Monetary Fund declined to comment on any discussions it may be having with Nicaraguan authorities.

Preventing Depression: A Strategy

By Leonard Silk

New York Times Service

NEW YORK — How can another depression be avoided? A strategy for getting the nation out of its present slump and back on a path of stable growth must be based on a correct analysis of what has led to the threat of a crackup in the domestic and world economies.

The danger today results from these fundamental factors:

- The shaky liquidity position of many businesses, financial institutions, consumers and foreign governments.

- The rise in unemployment and the decline in real incomes in the United States and abroad, which pose the threat of growing protectionism.

- The high level of interest rates relative to real rates of return on capital (after deducting for inflation), which threatens to choke off business investment and which jeopardizes housing, autos and other interest-sensitive industries.

While these complex problems are bound up with each other, like a Gordian knot, a way must be found of cutting through to a solution. The first job is to bring down interest rates — without waiting for depression itself to do the job.

Again, a cure depends on a proper diagnosis. Why are interest rates so high? One reason is the prolonged siege of tight money to which the Fed has subjected the economy. A second reason is the persistence of inflationary expectations, which the present slump has not yet destroyed.

A third reason is the government's huge and planned budget deficits, reaching years into the future, and seemingly ensuring a continuing clash between loose budgets and tight money. A fourth is the belief that the government, whether under President Reagan or his successor, will sooner or later have to resort to inflationary finance to rescue the economy from politically unbearable unemployment.

Tackling these underlying reasons for high interest rates requires a fundamental change in both monetary and budgetary policies. Easier money by itself cannot do the job; with huge continuing deficits it simply would validate inflationary expectations and keep interest rates high.

Easing of Money Policy

Yet, in a developing crisis, with growing unemployment, monetary policy can afford to be somewhat easier. In fact, the Fed has begun to ease slightly. In his testimony before the Senate Banking Committee last month, Fed Chairman Paul A. Volcker said the money supply could "acceptably" remain somewhat above its implied growth track of 2.5 to 3.5 percent during the period immediately ahead.

But a monetarist policy, in which the Fed seeks to avoid a crash by a slight acceleration of the growth of the money supply, is unlikely to be enough to ensure a decline in interest rates for the longer haul. Many financial leaders and economists have come to feel that both Wall Street and the Fed were sold a bill of goods on a rigid type of Fed policy, in which the object is to control money-supply growth, letting credit and interest rates oscillate in response to market forces.

Such bankers and economists as Willard C. Butcher, chairman of the Chase Manhattan Bank; Irwin Kellner, senior vice president and chief economist of Manufacturers Hanover Trust; and Prof. Benjamin Friedman of Harvard University now contend the Fed must focus not exclusively on the money supply but also on credit and interest rates.

But the Fed alone cannot bring

down interest rates (except by inducing depression) without fiscal help from the administration. President Reagan has refused to yield to pressures from a wide variety of critics, both conservative and liberal.

NEWS ANALYSIS

al. to reign back his projected deficits by giving back some of his tax cuts or reducing his proposed military buildup.

To be sure, Mr. Reagan still has his supply-side loyalists, who argue, voicing the Keynesian doctrine, they once denounced, that big tax cuts and military spending increases are essential to economic recovery.

However, the current situation is

not like the one that confronted the nation in the years 1929 to 1933. Inflationary expectations are still virulent, and interest rates are still high — far higher than real rates of return on capital. Business investment, which is flat but has not yet collapsed, could plunge if interest rates are not brought down first.

In addition, housing, autos and other interest-sensitive industries, already severely hurt, could drop even further if interest rates are not brought down lastingly by changing the mix of fiscal and monetary policy.

Bringing down interest rates is the start but not the be-all and end-all of a program for preventing depression and restoring stable growth.

BUSINESS NEWS BRIEFS

Moroccan Phosphate Deal Set at \$2.5 Billion

Reuters

RABAT — Morocco has selected Mitsui and Fomento del Comercio Exterior (Focoe) of Spain to build a sulfuric acid plant, estimated to cost \$2.5 billion, a Mitsui representative in Morocco said Wednesday.

The plant, to be located at Jorf el-Astar, a new Atlantic port about 70 miles (110 kilometers) southwest of Casablanca, will take about four years to complete. It will have a capacity of about 138,000 metric tons a day.

The Mitsui representative said negotiations are under way with the Moroccan state agency, Office Cherifien des Phosphates. The project will be financed by Japanese bank credits guaranteed by Morocco.

GM, Toyota Reportedly Choose Car to Produce

From Agency Dispatches

TOKYO — General Motors and Toyota Motor have chosen a Corolla-class model with a 1,600cc engine for joint production in the United States, a Japanese newspaper said Wednesday.

Nihon Keizai Shimbun, a leading economic newspaper, said Toyota would probably supply the engine, transmission and other main parts. It said the Japanese firm prefers to use an idle GM plant in the eastern United States but GM is insisting on a plant on the West Coast.

A GM spokesman in Detroit refused to confirm the report, as did a Toyota spokesman here.

Xerox Introduces Graphics Printing System

Reuters

NEW YORK — Xerox Wednesday demonstrated two electronic printers and a graphics printing system that it said can produce complete publications electronically in a matter of hours.

The company said the graphics system eliminates the need for typesetting, platemaking and the conventional printing press and collator.

Xerox said business reports, engineering documents and a variety of other publications can be produced on standard 8½-by-11-inch paper at printing rates of up to 120 pages a minute.

Armco Delays \$671 Million in Expansion Plans

New York Times Service

NEW YORK — Armco has delayed indefinitely a \$671-million expansion of its facilities to manufacture steel pipe and tubing for the oil and gas industry, it said Tuesday. It cited poor economic conditions.

The canceled program was to have consisted of \$343 million for a new finishing facility at Gulfport, Miss.; \$290 million for a pipe plant at Ashland, Ky., and the rest for investment in a plant at Ambridge, Pa.

Metallgesellschaft Announces Cut in Dividend

Reuters

FRANKFURT — Metallgesellschaft is cutting its dividend for the year ended Sept. 30 to 4 Deutsche marks from 5 DM plus a 1-DM bonus in 1979-80, it said Wednesday. It attributed the cut to unsatisfactory profits in its processing and metal operations.

(Continued on page 10)

Japan Pledges New Trade Measures by May

By Steve Lohr

New York Times Service

TOKYO — U.S. and Japanese delegations ended two days of trade discussions here Wednesday with the Japanese side vowing to take additional steps in May to open its markets to foreign goods.

The Japanese, however, did not say what the new trade package would include.

"The Japanese government recognizes the need for visible, forward-looking measures that will be understandable to the American people," said Hiromu Fukuda, director general of the Foreign Ministry's Economic Affairs Bureau, who led Japan's delegation.

(David R. MacDonald, deputy U.S. trade representative, said of the talks that Japan has become "more determined than at any time in the past" to remove non-tariff trade barriers, the Los Angeles Times reported from Tokyo.)

"Talks in the last two days," he said, "indicate to us that there is some likelihood of substantial movement by the Japanese government" in providing access to the Japanese market.

[Mr. MacDonald did not spell out the basis for his evaluation. And he refused to predict whether the outcome of the two-day talks would dissuade Congress from enacting protectionist legislation.]

Clyde V. Prestowitz, deputy assistant Commerce secretary, said, "The Japanese did not give us any indication what these measures might be."

Doubts Expressed

Given the restraints of domestic politics, it is doubtful that Japan can come up with any program of new market-opening measures before June, when the next economic summit meeting is to be held in Paris, that will be viewed as significant by the United States and Western Europe.

In late January, Japan decided to eliminate 67 non-tariff barriers to foreign goods. That package was received by Japan's major trading partners as a positive step, but not enough.

In this week's session, a key topic of discussion was the import quotas that Japan maintains on various U.S. farm products, including beef and citrus fruits. The two sides agreed to form a study group, tentatively scheduled to meet in April to examine this problem.

But Japan's ruling Liberal Democratic Party is dependent on the farm vote, a powerful political constituency. Quick action on agricultural quotas is unlikely, government officials said.

Consequently, the Japanese are uncertain about what can be done

Officials Question Ability to Deliver

Japan by "billions of dollars," Mr. MacDonald said. In the private sessions, he placed the range at \$5 billion to \$10 billion, according to one participant.

The U.S. deficit with Japan last year was \$15.8 billion, according to the Commerce Department's final figures. The preliminary figure was about \$18 billion.

In Japan, the continuing U.S. pressure for concessions is viewed as mostly the result of domestic political pressures and unemployment in the United States, rather than justifiable complaints about unfair trade practices in Japan.

Prime Minister Zenko Suzuki Wednesday publicly praised a speech last Friday in Geneva by Arthur Dunkel, director general of

the General Agreement on Tariffs and Trade. Mr. Dunkel viewed the growing criticism of Japan in terms of the need of foreign governments to "find scapegoats."

In Japan, there seems to be growing resistance to and resentment of U.S. pressure.

Privately, even some members of the U.S. trade delegation expressed doubts about the strategy of prodding Japan for further trade concessions, though they believe that Japan should open its markets wider.

"We may be pushing too much," said a U.S. trade official who asked not to be named. "We are reaching the point where Japan's capacity to adjust cannot keep pace with the world's expectations. And you don't want to try to open up a market at the cost of alienating an ally."

NYSE Prices Up in Bargain Hunt

From Agency Dispatches

NEW YORK — Prices on the New York Stock Exchange rose slightly Wednesday as bargain hunters helped the oversold market regain a little of its recently lost ground.

After prices lost most of an early gain, analysts said investors were disappointed that the market was not able to further extend Tuesday's technical recovery from five days of losses.

The Dow Jones industrial average, up 7 1/2 points in early afternoon, closed up 1.05 points at 804.89, and advanced late declines eight to six. NYSE volume was 59.44 million shares, down from the 76.06 million traded Tuesday.

"It's somewhat of a standoff," Robert H. Stovall, senior vice president at Dean Witter Reynolds, said.

"You have bargain hunters on the one hand. But you also have traders worried about the recession turning into a depression, about President Reagan losing favor and maybe taking the Republican Party down with him at the polls and terminating this experiment too soon and giving us another Jimmy Carter."

Analysts said the market is oversold and likely to stage rally attempts. The Dow has lost 71.16 points so far this year. Bargain hunters are buying up stocks inexpensively and short-coverers are replacing borrowed shares they sold earlier.

But working against the rally is continued trader concern about the depth of the recession and its impact on corporate earnings. Traders fear economic recovery

Reagan Cites Comment by Volcker

United Press International

WASHINGTON — President Reagan informed Republican senators that Federal Reserve Chairman Paul A. Volcker told him interest rates may drop three or four points by summer, White House sources said Wednesday, but the Fed said it was not necessarily so.

Mr. Reagan told the senators Tuesday that Mr. Volcker, at a private meeting with him two weeks ago, said the interest rates "will be coming down." A spokesman for Mr. Volcker said: "We do not comment on meetings between the president and the chairman."

could be choked off if Reagan doesn't reach a compromise with Congress on his proposed budget and if ballooning deficits again push up interest rates.

A spokesman for Salomon Brothers said Wednesday that chief economist Henry Kaufman has not changed his views that long-term rates will threaten their 1981 peaks in 1982 and that short-term rates will move irregularly higher.

He was responding to an inquiry following rumors in financial markets that Mr. Kaufman had changed his view. U.S. stock and bond prices rose late Tuesday based on the rumors.

But Budget Director David A. Stockman said no one can predict how long high interest rates will persist. He said he believes they will fall gradually in line with inflation.

The Commerce Department said Wednesday that U.S. retail sales rose \$1.4 billion, or 1.6 percent, in February. January's retail sales were revised to show a decline of 1.5 percent, the department said.

The January drop was originally reported as 1.1 percent.

On the NYSE floor, oil stocks were among the biggest gainers, but they finished below their highs, with Coastal up 1 1/2 to 21, Global Marine up 1 1/2 to 12 1/2, Haliburton up 1 1/2 to 34 1/2, Schlumberger up 1 1/2 to 43 1/2, Standard Oil of Indiana up 1 1/2 to 36 1/2, Texas International up 1 to 12 1/2, Tesoro up 1 to 18 1/2 and Gulf up 1 1/2 to 29 1/2.

Mobil gained 3/4 to 22 1/2. The company said that it cut back its revolving credit to \$1 billion from \$6 billion, and one analyst said the news may have dampened the oil group by easing takeover speculation in some stocks.

RCA gained 1/2 to 20 1/2 on volume of about 1 million shares. Bendix announced Monday it has bought a stake in RCA of between 5 and 9.9 percent.

In corporate news, Prudential Insurance said Wednesday it plans to vote its 350,000 Marathon shares in favor of U.S. Steel merger at Friday's special stockholder meeting.

This announcement appears as a matter of record only

FEBRUARY 1982



HIDROELECTRICA ESPAÑOLA, S. A.

21,000,000,000 PESETAS

LONG TERM FLOATING RATE LOAN

LEAD MANAGED BY

BANCO DE VIZCAYA, S. A.

BANCO ESPAÑOL DE CREDITO, S. A.

BANCO HISPANO AMERICANO, S. A.

MANAGED BY

BANCO CENTRAL, S. A.

BANCO EXTERIOR DE ESPAÑA, S. A.

CAJA DE AHORROS Y MONTE

CAJA DE PENSIONES "LA CAIXA"

GRUPO BARCLAYS BANK

DE PIEDAD DE MADRID

MANUFACTURERS HANOVER TRUST CO.

NATIONAL WESTMINSTER BANK GROUP

CITIBANK, N. A.

Spanish Branch

Spanish Branch

Spanish Branch

(CO-MANAGED BY)

ALGEMENE BANK NEDERLAND, NV.

BANCA NAZIONALE DEL LAVORO

BANCO DE FINANCIACION INDUSTRIAL, S. A.

Spanish Branch

Madrid Branch

"INDUBAN"

BANCO DE GRANADA, S. A.

BANCO DE LONDRES Y AMERICA DEL SUR

BANCO DE MADRID, S. A.

BANCO HISPANO INDUSTRIAL, S. A.

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BANK OF TOKYO LTD.

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BANCO HERRERO, S. A.

BANCO DE SABADELL, S. A.

Spanish Branch

Y DE ESPAÑA, S. A. "EXTENDES"

CAJA DE AHORROS DE CADIZ

BANCO INDUSTRIAL DE

BANCO ZARAGOZANO, S. A.

CAJA DE AHORROS DE GALICIA

CAJA DE AHORROS DE CADIZ

BILBAO, S. A.

CAJA DE AHORROS MUNICIPAL

CAJA DE AHORROS MUNICIPAL

CAJA DE AHORROS PROVINCIAL

CAJA DE AHORROS DE LA

AMEX Nationwide Trading Closing Prices Mar. 10

Tables include the nationwide prices up to the closing on Wall Street.

Agee Gets High Marks for Bendix Prosperity

By John Holusha

New York Times Service

DETROIT — Since William M. Agee took over Bendix in 1976 at the age of 38, the company's earnings have increased steadily, despite its close links to the depressed automobile industry.

Now Mr. Agee is predicting that despite the recession, 1982 will be even better for Bendix. So far he seems on track. First-quarter earnings totaled \$43.6 million, up 5 percent from the comparable period a year earlier.

But there are those who believe that Mr. Agee's achievements as chairman and chief executive officer of Bendix have often been overshadowed by the controversy surrounding his personal relationships.

And it was his personal affairs that RCA seized on Monday when Bendix disclosed that it had purchased more than a 5-percent stake in RCA and might buy as much as 9.9 percent.

Investment or Merger?

Bendix said it made the purchases for investment only, although Mr. Agee has indicated he is interested in buying a high-technology concern.

Indeed, Mr. Agee has been the subject of much criticism within the business community and in the financial press as a result of his relations with some of his executives, his board of directors, his former superior, W. Michael Blumenthal, now the chairman of Burroughs, and most of all, Bendix's former vice president for strategic planning, Mary E. Cunningham.

Miss Cunningham left Bendix in October, 1980, after a controversy arose over whether her rapid advance in the company stemmed from her talents as an executive or a romance with Mr. Agee. Mr. Agee has since repudiated the rumors that he had a romance with her more than two years ago, and they have been seen together frequently at social events.

RCA struck at that relationship by issuing a personal attack on Mr. Agee. "The purchase of RCA stock by Mr. Agee's Bendix is not welcomed by RCA," the company said. "Mr. Agee has not demonstrated the ability to manage his own affairs, let alone someone else's."

But most analysts say Mr. Agee's tenure at Bendix has been highly successful by any objective standard. "There's been a lot of controversy about the man, and most of it has been nonsense," said Philip Fricke, a senior securities analyst with Goldman, Sachs. "The thing you use to measure the performance of a chief executive is the numbers, and his numbers are good." During the fiscal year ended Sept. 30, Bendix reported earnings of \$43.6 million on sales of \$4.4 billion.

Similarly, Walter Schenker, an analyst with Bear, Stearns, observed that Mr. Agee "has clearly done an excellent job in the timing of disposal of assets. He got out of Asarco and forest products at just the right time." Bendix's sale of

natural resource holdings, including its forest product operations and shares in Asarco, a nonferrous-metal concern, has raised about \$900 million since 1980.

Another Wall Street analyst, who declined to be quoted by name, said, "His sense of timing is impeccable."

The divestitures have given Bendix a \$500-million fund that Mr. Agee has said will be used to invest in emerging technologies. In the meantime, it has been invested in high-yielding money-market securities. Investment income accounted for 17 percent of Bendix's total operating profit last year.

Envy, Animosity

Mr. Schenker suggested that much of the animosity toward Mr. Agee may stem from envy of his record. "It could be that he's just a young, successful guy in a town where a lot of people aren't doing very well."

In addition to the Cunningham flap, a number of senior executives have left the company under

strained circumstances, including its former president, William Pann. Ties between Mr. Agee and Mr. Blumenthal, who hired Mr. Agee at the age of 34 to be executive vice president and chief financial officer of Bendix, cooled noticeably when Mr. Agee did not invite Mr. Blumenthal to return to the Bendix board after Mr. Blumenthal left the Carter administration where he had been Treasury secretary.

Last year, after Mr. Agee reportedly put pressure on three directors with links to Burroughs to leave the board, senior director Robert W. Purcell resigned, saying he had lost confidence in the top management.

Nevertheless, when Fortune magazine published an article critical of Mr. Agee's management style, all the remaining outside directors endorsed his actions, writing that "We feel that Bendix's accomplishments are attributable to the successful leadership of Mr. Agee."

Mr. Agee has shifted the empha-

sis of Bendix away from being a parts supplier to the automobile industry in favor of making advanced production machinery. The auto industry, which produced 61 percent of the company's profits in 1977, had declined to 38 percent by last year. Besides auto supplies, Bendix is involved in the aerospace business as well as other industrial pursuits.

Although many in the investment community have been waiting for Bendix to make a major acquisition with its cash hoard, some analysts said Mr. Agee's caution was to be applauded.

"As I understand it, his basic corporate strategy is to shoot for a 17-percent after-tax rate of return on investment, which is a 20-percent return on equity," said Mr. Fricke of Goldman, Sachs.

"In retrospect his caution in not paying high prices for technology companies has been justified. He would have looked stupid if he had bought some technology companies at the price-earnings ratios of last year," Mr. Fricke said.

Food Stocks Seen as Good Investment Diet

By Vartan G. Vartan

New York Times Service

NEW YORK — There is a saying on Wall Street that new group leadership — the stocks to own for the next upswing — develops in grain markets. If that holds true this time, it seems abundantly clear that energy, technology and precious-metal issues, which once served as inflation-hedge favorites, are not destined to lead the ultimate parade to higher prices.

Food-processing stocks, on the other hand, have been performing uncommonly well, along with such sectors as soap and electric utilities. These groups represent the sort of defensive investments that people often make in times of extreme market conservatism. In fact, on the theory that the best defense is a good offense, some analysts expect food securities to continue to perform well in the next market cycle.

"After all," as one investment advisory service points out, "people do keep eating."

Several food issues traded at their highest prices in 52 weeks or longer. The list of new highs included Borden, which makes a wide variety of foods and dairy products, and J.M. Smucker. This company, which produces jelly and preserves, grows some of the fruit it uses.

Food-processing stocks have benefited recently from a number of shopping-list recommendations for investors. These "buy" suggestions have come from advisory services and brokerage houses.

'Strong Showing'

"The group has made a strong showing over the past few months, aided by the recession-resistant nature of the industry, as well as by lower commodity prices," Standard & Poor's Outlook said. "The latter should lead to improving profit margins for the companies. The issues probably will continue to outperform the market as long as the economy remains in the doldrums and inflation continues at its relatively moderate pace."

The Outlook picked these issues as its favorites for a combination of income and potential price appreciation over the long term: H.J. Heinz (still the leading producer of ketchup), Consolidated Foods, CPC International and International Multifoods.

Commenting on International Multifoods, the advisory service said, "While the consumer food segment accounted for virtually all of the earnings advance in fiscal 1981-82, the improvement in 1982-83 will probably be more broad-based, with other operations also contributing. The restaurant busi-

ness, although relatively small, has shown steady earnings growth."

Food-processing companies have kept expanding through acquisitions. In late 1981, for example, International Multifoods purchased the All American Nut Co., which processes peanut butter and packaged nut snacks.

The current issue of the Value Line Investment Survey also makes the point that the food-processing industry is faring a lot better than most other segments of the economy.

"Producers of staples are doing better than meat processors and marketers of convenience foods," Value Line noted. "Many food-processor stocks are suitable for conservative portfolios seeking good total returns to 1984-86 and moderate current income."

Value Line offers these examples of how well some producers of staples are doing:

"The leading producer of hot cereals, Quaker Oats, has seen its unit volume increase nicely this winter. Kellogg, the leader in ready-to-eat cereals, has seen competitors take a larger share of the huge domestic market, but nevertheless, it sells far more cereal, with far more profitability, than any other company in the industry."

"CPC International's Skippy peanut butter, Hellmann's mayonnaise and Mazola corn oil and margarine all contribute to low-cost meals; shipments of these items are on the rise. McCormick's spices also enhance the flavor of inexpensive foods, and its sales are up."

The issues selected by Value Line are likely to outperform the general market over the next 52 weeks include CPC International, Consolidated Foods, McCormick, Quaker Oats and Smucker. Consolidated Foods also ap-

pears on the current recommended list at Oppenheimer & Co.

As for new commitments, E.F. Hutton & Co. said last Friday, "We would still principally consider Dart & Kraft, General Mills, Quaker Oats and Pillsbury."

But a position in the food industry does not necessarily insulate a stock from shocks. On Feb. 25, for example, Nabisco Brands tumbled 4 1/2 points, to 30 1/2, after the company's management sold a group of analysts that it expected flat earnings for the opening quarter of 1982. It has since climbed back to 32.

European Gold Markets

March 10, 1982

	London	Paris	Frankfurt	Zurich
Gold (1000g)	322.25	322.25	322.25	322.25
Gold (100g)	32.225	32.225	32.225	32.225

Official figures for London, Paris and Frankfurt are based on the closing price for Zurich, U.S. dollars per ounce.

Gold Options (prices in \$/oz.)

Price	May	Aug	Nov
250	11.50-11.50	11.50-11.50	11.50-11.50
300	11.50-11.50	11.50-11.50	11.50-11.50
350	11.50-11.50	11.50-11.50	11.50-11.50

Gold \$322.25-322.25

Valuers White Weld S.A.

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1211 Geneva 1, Switzerland
Tel. 31 62 51 - Telex 28 905

Net Asset Value on March 5, 1982

Pacific Selection Fund N.Y.
U.S. \$3.38 per U.S. \$1 unit.

Pacific Selection Fund N.Y.

COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated

Australia

Wormold International

	1981	1980
Revenue	342.32	360.05
Profit	10.09	10.36
Per Share	0.17	0.20

1980 per share adjusted for 1-for-5 bonus issue.

Austria

Creditanstalt Bankverein

	1981	1980
Revenue	296.67	253.31
Profit	27.1	26.5

1981 results related.

Britain

Tube Investments

	1981	1980
Revenue	1,120	1,160
Profit	102.84	115
Per Share	5.02	38.45

1981 results related.

Canada

Seagram

	1982	1981
Revenue	775.3	775.2
Profit	77.3	62.7
Per Share	2.51	1.77

1982 results related.

United States

Chromatoly American

	1981	1980
Revenue	298.0	247.3
Profit	3.27	11.94
Per Share	0.15	0.74

1981 results related.

West Germany

Hoechst

	1981	1980
Revenue	12,881	11,160
Profit	718	925

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SYRIAN ARAB REPUBLIC
THE GENERAL ESTABLISHMENT FOR THE EXPLOITATION & DEVELOPMENT OF THE EUPHRATES BASIN

NO. 191/M

A SECOND CALL FOR OFFERS

The General Establishment for the Exploitation of the Euphrates Basin & its Development announces its desire to buy 12/12 high capacity Tractors with their attachments according to the Technical Specifications and Private conditions which may be obtained from the Establishment's Centre at each of the following:

- Delivery period: As soon as possible.
- Final Deposit: 5% / Five per cent of the offer value.
- Delay Penalty: 0.01 One per Thousand for each day delay.
- Bid Bond period: Sixty days from the deadline date of offers.
- Offers are submitted within a sealed envelope that contains:
- Envelope A - that contains the provisional deposits and statements that are related with the offer & offerer.
- Envelope B - that contains the Technical Specifications on condition that they must be supported with catalogues of working, maintenance, repair, spare parts & the necessary Technical booklets.
- Envelope C - that contains the Financial & Commercial offer.

To the General Establishment for the Exploitation & Development of the Euphrates Basin at AL-Rikhih during a period that ends at the end of the And the Main envelope must be sealed with wax and sealed with the offerer's seal mentioning on it his name and his address and written on it the phrase (Special for the offer of Tractors of High Capacity whose period of validity is 15/15/1982).

The offer must abide with the rules of Contract's Discipline issued by or an official Agent registered according to rules and with submitting the official documents that prove that.

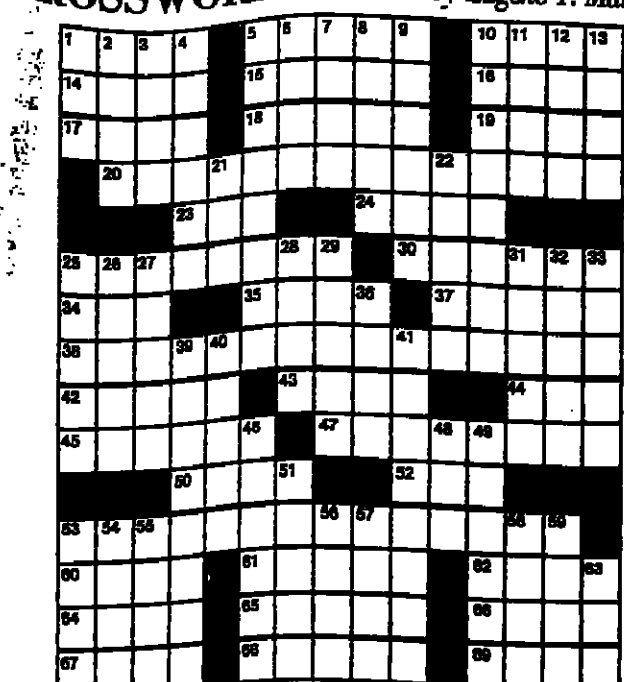
The offerer has to fix his closest domicile in Syria, clearly & accurately to facilitate the informing operation.

AL-Rikhih on 13/2/1982

Director General
Dr. Eng. Abdou Kaseem

CROSSWORD

Edited by Eugene T. Maleska



ACROSS

- 1 Last of Latin
5 Make very
10 Smile warmly
14 Mamma Loo's
15 Habituate
16 Tre —
17 Toss
18 Suez or Kiel
19 Algerian port
20 With 38 and 53
23 Former chess
24 Million of Ga.'s
25 Playful,
26 Responds to
30 Shoshonean
35 TV sitcom
37 Brazilian
38 See 20 Across
42 — Islands,
43 Made a hole-in-one
44 Capek classic
45 Tableware
47 Dr. J. to the
50 Knot of wool
52 Kind of dirt or load
- 53 See 20 Across
60 Food shop, for
61 A lot of baloney
62 Wanderlust
64 Members of a
65 Morn harmful
66 Pseudologist
67 Hudson Bay
68 Picardy sight
69 Hard to hold
- 27 Rio — in
28 Dippy or dotty
29 Accurate to the
31 Goat, in
32 Game fish of
33 City in
34 "What a video"
35 Luna's ascent
36 Asp's weapon
37 Poor Clare,
38 — tai (rum
39 Periwinkle or
40 California
41 "Key" — M.
42 Anderson play
43 When Philip V
44 Part of a
45 Der —
46 Manipulates,
47 Lake's blade
48 Feds led by the
49 Channel
50 Changer
51 Snooper

WEATHER

	HIGH	LOW		HIGH	LOW					
C	F	C	F	C	F					
ALABAMA	17	43	FAIR	MADRID	13	55	4	39	Cloudy	
ALBUQUERQUE	16	41	FAIR	MANILA	34	24	75	34	Cloudy	
AMSTERDAM	6	42	3	RAIN	MEXICO CITY	24	74	24	Cloudy	
ANAKAP	10	32	18	FAIR	MILAMI	27	17	18	64	Cloudy
ATHENS	13	55	1	FAIR	MILAN	11	52	0	32	Peppery
AUCKLAND	24	75	13	FAIR	MONTREAL	1	34	24	Cloudy	
BANGKOK	24	75	13	FAIR	MOSCOW	1	30	23	Snow	
BEIRUT	15	39	12	FAIR	MUNICH	18	59	28	FAIR	
BERLIN	12	54	28	FAIR	NAIROBI	29	64	24	Cloudy	
BIRMINGHAM	11	33	1	FAIR	NASSAU	24	79	20	64	Rain
BOSTON	7	45	3	FAIR	NEW DELHI	24	75	14	57	FAIR
BRAZILIA	8	46	3	FAIR	NEW YORK	27	44	27	44	Cloudy
BUDAPEST	10	32	18	FAIR	NIC	13	55	1	34	Cloudy
Buenos Aires	26	78	20	FAIR	OSLO	10	32	1	30	Cloudy
CAIRO	18	64	14	FAIR	PARIS	10	30	4	39	Overcast
CALCUTTA	26	78	20	FAIR	Peking	12	54	24	Cloudy	
CASABLANCA	18	64	14	FAIR	PRAGUE	9	48	2	36	FAIR
CHICAGO	5	41	5	FAIR	REYKJAVIK	29	64	28	64	Cloudy
COPENHAGEN	4	39	1	FAIR	RIO DE JANEIRO	29	64	24	Cloudy	
COSTA MESA	13	55	1	FAIR	ROME	12	54	4	39	Rain
DAMASCUS	12	54	28	FAIR	SALISBURY	25	77	12	54	Cloudy
DUBLIN	9	45	7	FAIR	SAN PAULO	25	77	19	64	Cloudy
EDINBURGH	14	57	5	FAIR	SEATTLE	10	32	1	30	Cloudy
FLORENCE	14	57	5	FAIR	SHANGHAI	13	55	4	39	Peppery
FRANKFURT	9	45	7	FAIR	SINGAPORE	31	84	24	75	Cloudy
GENEVA	6	42	3	FAIR	SINGAPORE	31	84	24	75	Cloudy
HELSINKI	6	42	3	FAIR	SYDNEY	25	77	18	64	Overcast
HONG KONG	17	63	13	FAIR	TAIPEI	18	64	19	59	Peppery
HOUSTON	26	78	20	FAIR	TOKYO	12	54	24	75	Cloudy
ISTANBUL	14	57	5	FAIR	TOKYO	12	54	5	41	Peppery
JERUSALEM	9	45	7	FAIR	TUNIS	18	64	4	39	Cloudy
LAS PALMAS	19	64	14	FAIR	VENICE	18	64	25	75	Peppery
LISBON	15	39	12	FAIR	WASHINGTON	8	46	2	36	FAIR
LONDON	12	54	28	FAIR	WASHINGTON	11	33	1	30	Cloudy
LOS ANGELES	21	70	15	FAIR		19	58	20	64	Overcast

Snowfall from the northwest 24 hours.

Readings from the previous 24 hours.

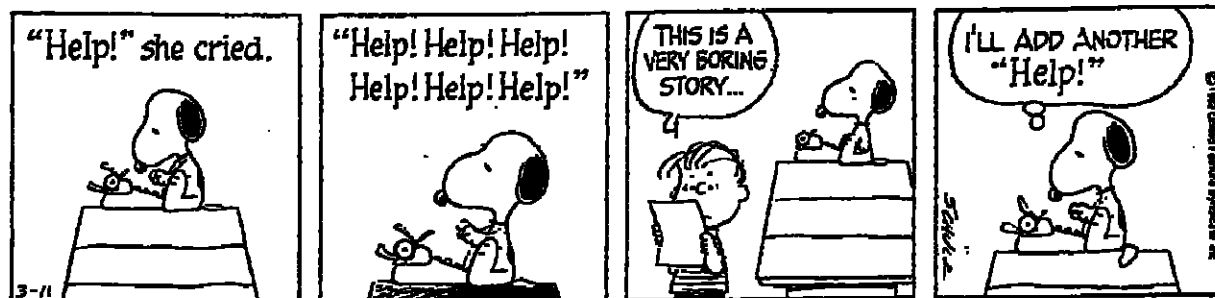
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INTERNATIONAL FUNDS

March 10, 1982

<p>The net asset value quotations shown below are computed by the Funds listed with the exception of the funds which are based on the net asset value of the fund's assets less liabilities and expenses.</p> <p>(1) = American Funds (2) = Fidelity (3) = International Fund (4) = J.P. Morgan (5) = Lazard Freres (6) = Lyons (7) = M&P (8) = Putnam (9) = RBC (10) = Schwab (11) = TIAA (12) = Wellington</p>	
BANK JULIUS BAER & Co Ltd	<p>(1) Bond Fund \$1.00</p> <p>(2) Bond Fund \$1.00</p> <p>(3) Bond Fund \$1.00</p> <p>(4) Bond Fund \$1.00</p> <p>(5) Bond Fund \$1.00</p> <p>(6) Bond Fund \$1.00</p> <p>(7) Bond Fund \$1.00</p> <p>(8) Bond Fund \$1.00</p> <p>(9) Bond Fund \$1.00</p> <p>(10) Bond Fund \$1.00</p> <p>(11) Bond Fund \$1.00</p> <p>(12) Bond Fund \$1.00</p>
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BANK OF NEW YORK	<p>(1) Bond Fund \$1.00</p> <p>(2) Bond Fund \$1.00</p> <p>(3) Bond Fund \$1.00</p> <p>(4) Bond Fund \$1.00</p> <p>(5) Bond Fund \$1.00</p> <p>(6) Bond Fund \$1.00</p> <p>(7) Bond Fund \$1.00</p> <p>(8) Bond Fund \$1.00</p> <p>(9) Bond Fund \$1.00</p> <p>(10) Bond Fund \$1.00</p> <p>(11) Bond Fund \$1.00</p> <p>(12) Bond Fund \$1.00</p>
BANK OF SWITZERLAND	<p>(1) Bond Fund \$1.00</p> <p>(2) Bond Fund \$1.00</p> <p>(3) Bond Fund \$1.00</p> <p>(4) Bond Fund \$1.00</p> <p>(5) Bond Fund \$1.00</p> <p>(6) Bond Fund \$1.00</p> <p>(7) Bond Fund \$1.00</p> <p>(8) Bond Fund \$1.00</p> <p>(9) Bond Fund \$1.00</p> <p>(10) Bond Fund \$1.00</p> <p>(11) Bond Fund \$1.00</p> <p>(12) Bond Fund \$1.00</p>
BANK OF THE NETHERLANDS	<p>(1) Bond Fund \$1.00</p> <p>(2) Bond Fund \$1.00</p> <p>(3) Bond Fund \$1.00</p> <p>(4) Bond Fund \$1.00</p> <p>(5) Bond Fund \$1.00</p> <p>(6) Bond Fund \$1.00</p> <p>(7) Bond Fund \$1.00</p> <p>(8) Bond Fund \$1.00</p> <p>(9) Bond Fund \$1.00</p> <p>(10) Bond Fund \$1.00</p> <p>(11) Bond Fund \$1.00</p> <p>(12) Bond Fund \$1.00</p>
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BANK OF THE WEST	<p>(1) Bond Fund \$1.00</p> <p>(2) Bond Fund \$1.00</p> <p>(3) Bond Fund \$1.00</p> <p>(4) Bond Fund \$1.00</p> <p>(5) Bond Fund \$1.00</p> <p>(6) Bond Fund \$1.00</p> <p>(7) Bond Fund \$1.00</p> <p>(8) Bond Fund \$1.00</p> <p>(9) Bond Fund \$1.00</p> <p>(10) Bond Fund \$1.00</p> <p>(11) Bond Fund \$1.00</p> <p>(12) Bond Fund \$1.00</p>
BANK OF THE WORLD	<p>(1) Bond Fund \$1.00</p> <p>(2) Bond Fund \$1.00</p> <p>(3) Bond Fund \$1.00</p> <p>(4) Bond Fund \$1.00</p> <p>(5) Bond Fund \$1.00</p> <p>(6) Bond Fund \$1.00</p> <p>(7) Bond Fund \$1.00</p> <p>(8) Bond Fund \$1.00</p> <p>(9) Bond Fund \$1.00</p> <p>(10) Bond Fund \$1.00</p> <p>(11) Bond Fund \$1.00</p> <p>(12) Bond Fund \$1.00</p>
BANK OF THE YAMAL	<p>(1) Bond Fund \$1.00</p> <p>(2) Bond Fund \$1.00</p> <p>(3) Bond Fund \$1.00</p> <p>(4) Bond Fund \$1.00</p> <p>(5) Bond Fund \$1.00</p> <p>(6) Bond Fund \$1.00</p> <p>(7) Bond Fund \$1.00</p> <p>(8) Bond Fund \$1.00</p> <p>(9) Bond Fund \$1.00</p> <p>(10) Bond Fund \$1.00</p> <p>(11) Bond Fund \$1.00</p> <p>(12) Bond Fund \$1.00</p>
BANK OF THE ZAMBIA	<p>(1) Bond Fund \$1.00</p> <p>(2) Bond Fund \$1.00</p> <p>(3) Bond Fund \$1.00</p> <p>(4) Bond Fund \$1.00</p> <p>(5) Bond Fund \$1.00</p> <p>(6) Bond Fund \$1.00</p> <p>(7) Bond Fund \$1.00</p> <p>(8) Bond Fund \$1.00</p> <p>(9) Bond Fund \$1.00</p> <p>(10) Bond Fund \$1.00</p> <p>(11) Bond Fund \$1.00</p> <p>(12) Bond Fund \$1.00</p>
BANK OF THE ZIMBABWE	<p>(1) Bond Fund \$1.00</p> <p>(2) Bond Fund \$1.00</p> <p>(3) Bond Fund \$1.00</p> <p>(4) Bond Fund \$1.00</p> <p>(5) Bond Fund \$1.00</p> <p>(6) Bond Fund \$1.00</p> <p>(7) Bond Fund \$1.00</p> <p>(8) Bond Fund \$1.00</p> <p>(9) Bond Fund \$1.00</p> <p>(10) Bond Fund \$1.00</p> <p>(11) Bond Fund \$1.00</p> <p>(12) Bond Fund \$1.00</p>

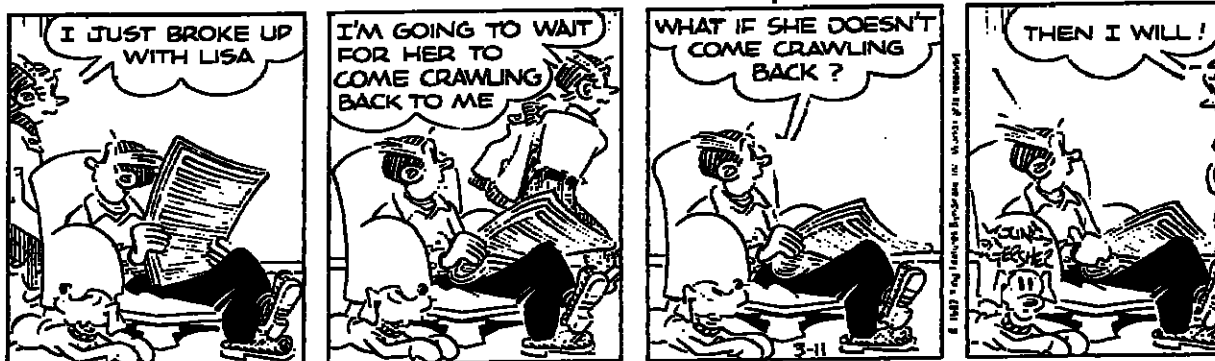
PEANUTS



B. C.



B. C.



B. C.



B. C.



B. C.



B. C.



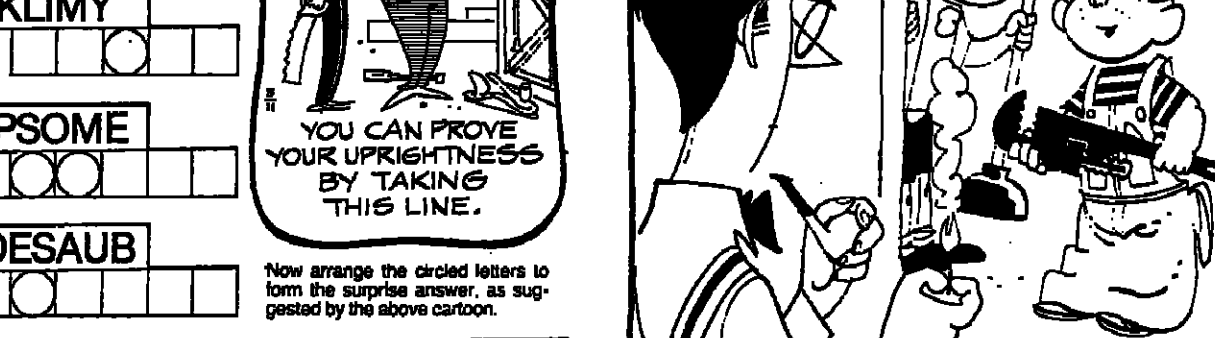
B. C.



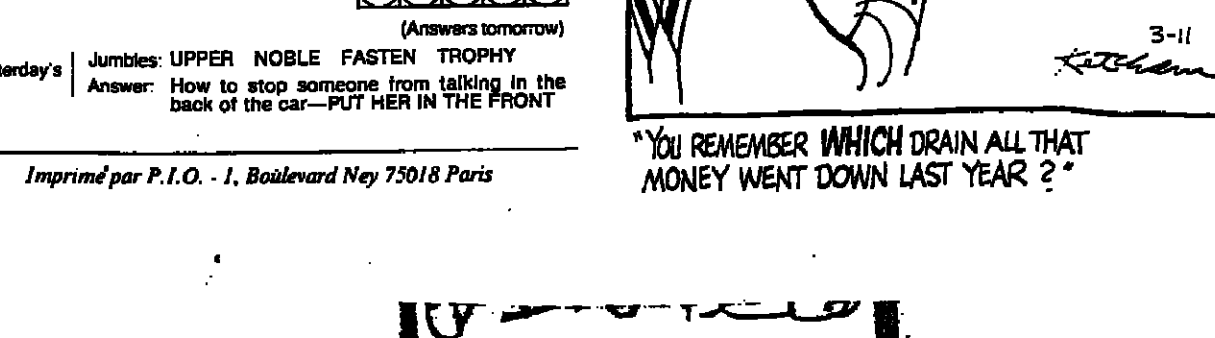
B. C.



B. C.



B. C.



BOOKS

KAFKA'S OTHER TRIAL

By Elias Canetti. 121 pp. \$11.95 hardcover; \$5.95 paperback. Schocken Books, 200 Madison Ave., New York, N.Y. 10016.

Reviewed by Anarole Broyard

"I AM the thinnest person I know," Franz Kafka writes to his fiancée Felice Bauer. "I have to sleep alone," he says in another letter, and "I cannot live with people." When she asks him what his plans or prospects are, he replies "I was amazed by your question. Needless to say I have no plans, no prospects."

His daily letters to her are histories of complaints about himself, his habits and his health. He tells her that he sacrifices everything to his writing, including "the joys of sex, eating, drinking, philosophical reflection, and above all music." "I have often thought," he writes, "that the best mode of life for me would be to sit in the innermost room of a spacious locked cellar with my writing things and a lamp." After describing marriage as "a scaffold," he proposes to Bauer. After they are married, he and Felice will live, he suggests, in an apartment in the Schornborn Palace in Prague, an apartment without a kitchen or a bathroom.

Though Kafka's "Letters to Felice" chronicles one of the most bizarre love affairs in the history of that emotion, it is not every reader who can get through its 600 pages. We ought to be grateful to Elias Canetti, winner of the 1981 Nobel Prize for Literature, for in "Kafka's Other Trial" he summarizes the letters, interprets them in the light of Kafka's character and relates them to his books.

According to Canetti, Kafka's "trial" with Felice closely parallels his novel, "The Trial." His engagement becomes Joseph K.'s arrest in the first chapter. And what his letters call the "trial" — a meeting with Felice and her parents in which they agree to end the engagement — corresponds to the final scene in "The Trial" when Joseph K. is executed.

"Any life is laughable," Canetti observes, "if one knows it well enough. It is something serious and terrible if one knows it even better." In "Kafka's Other Trial," both these aspects, the comic and the tragic, are present. What is amazing is that Kafka himself, who had a brilliant sense of humor, did not see the comedy of his five-year engagement to Felice.

One hardly knows whether to laugh or cry when Kafka reports his dismay on first seeing Felice's "entire mouthful of gold-capped teeth." He says that this "hellish" sight so scared him at first that he had to lower his eyes. He also feels an aversion to Felice "at the sight of her dancing with her severe eyes lowered, or when she ran her hand over her nose and hair." Ambivalence can go no further.

Distant Reality
Yet she inspires him. He needs her distant reality, safe in another city. In his letters, he expresses an almost insane hunger for the small details of her life. During the first few months of their voluminous correspondence, he also finds time to write "The Judgment," six chapters of "America" and "The Metamorphosis."

When they spend 10 days together in Marinbad, they have adjoining rooms with two keys to the connecting door, yet as far as we know, they were not lovers. Though Kafka had a 10-day affair with a Swiss girl, and Grete Bloch, Felice's friend, claimed to have borne Kafka a son, Felice seems to have tempted him only in metaphysical ways. At the last moment, when it appeared that they might actually have married after all, Kafka "willed," as Canetti puts it, the first of the hemorrhages announcing the tuberculosis that killed him.

Though Canetti's interpretations of Kafka's letters to Felice are certainly interesting, it does seem that it required no great acumen to arrive at them. One leaves "Kafka's Other Trial" feeling rather hungry, sensing that there is much more that might have been said. How, for example, could Canetti have resisted the entry Kafka made in his diary five years after breaking off with Felice? With an ex-crusading, wistfulness, Canetti observed that he had never known in himself the words "I love you," but only "The expectant stillness that should have been broken by my 'I love you.'"

Anarole Broyard is on the staff of The New York Times.

KAFKA

A Biography

By Ronald Hayman. 349 pp. \$19.95. Oxford University Press, 200 Madison Ave., New York 10016.

LETTERS TO OTTLA & FAMILY

By Franz Kafka. Translated by Richard and Clara Winston. Edited by N.N. Glatzer. 130 pp. \$15.95. Schocken Books, 200 Madison Ave., New York 10016.

Reviewed by Michiko Kakutani

IN his new biography, Ronald Hayman not only dutifully chronicles the facts of Kafka's life, but also underlines how autobiographical his work — including such seemingly surreal stories as "Metamorphosis" — actually is. He examines in detail how Kafka's relationship with his father affected his literary vision, and he demonstrates the remarkable symmetry between the author's work and dreams.

In a sense, Hayman argues, Kafka's work was animated by a single theme: his portrayal of himself as his father's victim — and it becomes clear that the frail boy who saw his bluff, domineering father as "the measure of all things" would spend the rest of his life trying and failing to win the approval of this remote authority figure. As Hayman sees it, the alienation Kafka experienced at home was reinforced by the anomalous condition that many Jews in Prague found themselves in at the turn of the century — that is, vulnerable to both Austrian anti-Semitism and Czech anti-Germanism.

The problem is that Hayman's achievement is marred, especially in the first half of the book, by tortuous, stilted jargon. "It is right to emphasize what is positive in Kafka's negativism," he writes. Or, again, "the more aggressive a father is, the less likely the son is to be objective about paternal power, and suppressed patricidal impulses can produce a need to exaggerate the damage that the father has been inflicting."

It was in books that Kafka found a refuge from parental bullying, and literature gradually became the one

place where he felt at home. Although he apparently recognized the dangers of solitude — "it's better to bite into life than into one's own tongue," he wrote — his withdrawal from society became increasingly pathological.

Law school and work for an accident-insurance company proved equally debilitating, and Kafka began to feel more and more estranged, not only from his family but also from the world at large. In his dreams and stories, he portrayed himself as an accident victim, dehumanized and disfigured by his own misdeeds. For what he saw as his own misdeeds, he wrote, "If I lacked an upper lip here, he wrote, 'an earlobe there, a rib here, a finger there, if I had bald spots on my head and pockmarks on my face, there still wouldn't be enough of a physical correlative to my inner imperfection.'"

Fibrations With Happiness
Given the intensity of such passages, it is almost surprising to read of Kafka's occasional fibrations with happiness. Particularly in the letters to his younger sister, Ottilie, he displays glimpses of a warm, even sunny personality, chattering on at length about the weather, his craving for lemonade and what subjects he thought she should study. But these dabbles in the ordinary — which make less interesting reading just because they are so ordinary — give way, as Kafka's tuberculosis progresses, to a chattering of fever, chest pains and fluctuating hopes.

Kafka died at the age of 40, convinced that he had failed to make good "in relation to city life and to family, as well as professionally, socially and in love." Forever condemning himself for what he saw as a wasted life, he tended to regard death as a form of enlightenment and release, but his final illness proved too awful — even for him. "He regards the illness as a punishment," wrote his friend and literary executor Max Brod, "because he has often wished for a violent solution. But this is too crude for him. Against God he quotes from 'Die Meistersinger,' 'I'd thought he was more refined.'"

Michiko Kakutani is on the staff of The New York Times.

BRIDGE

By Alan Truscott

ON the diagramed deal South arrives in six spades after a standard auction. Players using spinter bids might bid four diamonds on the second round with the North hand, but all roads should lead to the spade slam.

There are no clear-cut losers, and South must count his winners. It seems that he can score five tricks in the side suits and at least seven in trumps. If the opponents fail to lead a trump, he can make all 13 tricks if he times the play correctly.

However, West meanly leads a trump, and there is a lurking danger for the declarer. If he immediately cross-ruffs in the red suits, he will meet with disaster: West will discard a club on the third round of diamonds and eventually ruff one of South's club winners.

To avert this calamity, South must cash his club tricks immediately, accepting the slight risk that a defender with a singleton or void will be able to ruff.

Then the cross-ruff proceeds smoothly. Since he has all the high and intermediate trumps, South can claim his slam, once he has collected his five tricks in the side suits.

NORTH
♠ A J 9 7
♥ A J 6 5 2
♦ 6
♣ K 9 2

WEST
♠ 8 4 3 2
♥ Q J 9 7 3
♦ 10 5
♣ 9 5

SOUTH (D)
♠ K Q 10 8
♥ 7 4
♦ A K 7 3
♣ A 7 3

Both sides were vulnerable. The bidding:
South West North East
1♠ Pass 1♥ Pass
1♦ Pass 4♦ Pass
5♠ Pass 6♣ Pass
West led the spade two.

Art Buchwald

The Reason for Allies

WASHINGTON — There is an old French proverb which says, "When David Stockman sneezes, the world catches pneumonia."

Nothing could substantiate this more than when the Europeans lift the ceiling last month over President Reagan's budget.

"This is outrageous," Hans Fehner, a German banker, told me at Washington's International Club. "West Germany cannot live with a \$100-billion American deficit for 1983."

"Why not?" I said. "President Reagan says we can."

"But," said François de Noiset, the French economist, "this will mean continuing high interest rates which will drive capital out of my country. Without capital investment, France will not be able to modernize its plant to compete with the Japanese for business in the United States."

"Sako Sato, president of Sako Watches, said, 'My people believe that President Reagan is much too optimistic about revenues and an easy upturn in the U.S. economy. Tokyo does not share this optimism, and until we see an upswing in the U.S. gross national product, we are all going to be faced with a lackluster U.S. recovery.'"

"But one of the reasons for the spot we're in," I said, "is that the Europeans and Asians have been overproducing and underselling us in the world markets."

"Don't try to change the subject," the West German banker said. "Our economy is dependent on a strong and healthy American market for our goods. If your people are not working, they can't buy our superior products. That's why we're not happy with Reagan's budget."

"Nobody's happy with Reagan's budget," I said. "But one of the reasons we're not producing more is that you people won't let us sell anything we make in your countries."

"If you're going to insult us," said de Noiset, "please sit at another table. The reason we have to be careful about what we allow to

be imported into France is that we must keep our own people working."

Sato nodded his head. "The first duty of a government is to protect its own industries."

"But gentlemen," I said, "our problem is not different from yours. We have to keep our people employed, too. We can't do it if you keep flooding the United States with your goods."

Hefner became red in the face. "We are not flooding the United States with goods. The Japanese are."

Sato became blue in the face. "That's because we can produce better products more cheaply than you can."

De Noiset said, "You're both wrong. The Third World, led by Hong Kong, Taiwan and South Korea, is flooding the markets with the same things we make."

So why blame Reagan's budget for your troubles? I asked.

"Because our political parties cannot stay in power if we don't say the United States is responsible for our recession," de Noiset said.

"Alright. If you don't like Reagan's budget, where do you think he ought to cut it?"

"That's not for us to say," said Sato.

"What about cutting back on the defense?"

"My country will not approve of that," said Hefner.

"Neither would mine," said Sato.

"I'll check with Paris, but I'm sure the answer is no."

"If we don't cut military spending, the only other place to cut is human resources. Do you want us to cut back even more on human resources than we have already?"

Hefner said, "Could we talk about it among ourselves?"

I left the table. When I returned, de Noiset said, "We've discussed it and have decided it's all right with us for the president to cut back on your human resources, if it will bring down interest rates."

"Good," I said. "At least Reagan has something to work with now. You gentlemen have been very helpful."

"That," said Hefner, "is what allies are for."

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The Keeper of the Flame

Evelyn Lincoln Defends Kennedy Taping, but Locks Up Diary

By Stephanie Mansfield

WASHINGTON — The secret diary is locked away in a bank safety deposit box. So is the little pink piggy bank Caroline gave her. The flags are there, too, the ones that hung in the Oval Office.

Evelyn Lincoln, President John F. Kennedy's White House secretary, goes to the box every so often to refresh her memory. To turn back the clock to Camelot. The Camelot of memory, where controversy erupted most recently over JFK's secretly recorded conversations, recordings Evelyn Lincoln supervised.

She is a slight, soft-spoken septuagenarian who wears a filigreed necklace and a diamond ring around her neck like a medal of honor. Her bouffant hair is dyed black, the ends curled up in a janky flip with thin bangs.

For the last two decades, Evelyn Lincoln has stayed in Washington and embraced the legacy of the slain president as her personal vocation. She answers hundreds of letters each year from admirers, curiosity seekers, history buffs and pen pals, enclosing an 8-by-10-inch black-and-white glossy of herself. Every year on Nov. 22, she makes the pilgrimage to Arlington National Cemetery, where she places three long-stemmed red roses on Kennedy's grave. She is sent endless samples of JFKabilia from collectors who want her to translate her former boss' illegible handwriting or to verify the signature.

She refuses to let go.

On the taping of Jacqueline Kennedy: "That is nothing, absolutely nothing. It was during the Missions thing, with Usama bin Laden, they did turn on the dictaphone to get the conversation with the various people and it was still running when, unconsciously, the president picked it up and called Jackie just to chat. They picked that one thing, 'Boy, he was kidding her.'"

Kennedy, she says, never listened to the tapes. "I stored them away and that's where they were."

Raised on a Nebraska farm, Evelyn Lincoln moved to Washington in the 1930s when her father, John N. Norton, was elected to Congress. She graduated from George Washington University and met her future husband while attending law school. Later, she went to work for a congressman. In 1952 she says she remembers telling her husband that her next job would be working for the next president of the United States.

"Eisenhower?" he said.

"No," she said. "John F. Kennedy."

She had not known the young politician from Massachusetts, but after reading a few of his papers she decided to work on his senatorial campaign as a volunteer. The next year, 1953, Kennedy asked her to join his staff.

She began keeping a diary and continued writing it until Kennedy's assassination. Originally written in shorthand, the diary took a year to transcribe.

"I have things in my diary which are very interesting," she says. "I grant you it would make interesting reading."

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Any bombshell in the diary? "Oooh, I think maybe there would be some," she hints. "Some of the things that were said about other people."

Would anything make her change her mind? "There might. Something might come up."

Like a book contract? "Something like that?"

A publisher with a million dollars? "I'd have to think about it."

She giggles nervously, squirming in her chair. She enjoys the attention. Isn't there anything that would make her unlock the diary?

"There's more locked in my head than in that bank," she exclaims.

Evelyn Lincoln learned the hard way how to keep a secret. In 1968, she published her second book, "Kennedy and Johnson" (the first was an affectionate memoir, "My Twelve Years With John F. Kennedy," written in 1965), revealing that Kennedy was planning to dump Johnson as his vice presidential running mate. The Kennedy family denied that.

She says the information about Johnson was true, but that Robert Kennedy was running for president at the time and did not want to anger Lyndon Johnson. "I assumed he knew, just like I knew."

White House Jealousy

She feels now that people in the White House were jealous of her because Kennedy "relied on me as much as he did. All the time I was with Kennedy there were 50 to 100 people behind me, breathing down my neck, trying to say I wasn't efficient, I wasn't this, I wasn't that."

She shares the apartment with her husband, Harold, also known as Abe, who used to be an administrative assistant to a U.S. congressman and later worked for the Veterans Administration.

"I got a little excited on 'Nightline,'" she says. "I was much better on the 'Today Show' the next morning. I knew there was nothing to hide. There wasn't any sinister motive on the part of the president to get any information on anyone in order to blackmail them, or whatever. It was just a recording of the events."

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PEOPLE: Billy Graham to Receive \$200,000 Religion Prize

Evangelist Billy Graham, will receive the \$200,000 Templeton Prize for Progress in Religion in London on May 11. In a statement, the Templeton Foundation said: "For many years Dr. Graham's dynamic radio and television messages, books and crusades on every continent have been reaching people in all walks of life and literally millions of them have been touched by him."

It said Graham's "cooperation with all denominations of the Christian faith and his determination to involve the statement of the world in evangelism has left an indelible mark on Christian history. His use of modern communication was a breakthrough in communicating the Christian message."

A lot of people deplore world hunger, but country singer Kenny Rogers is doing something about it. He announced he will donate \$1 million to set up a program of awards for journalists who educate the public about world hunger.

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